



GOVERNOR
JUDY MARTZ

STATE OF MONTANA

Governor's Budget
Fiscal Years 2006 – 2007

Overview of Budget
Agency Budgets

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November 15, 2004

Honorable President and Members of the Senate
Honorable Speaker and Members of the House

Honored Members of the Fifty-Ninth Legislative Assembly:

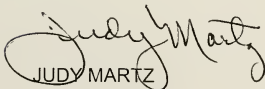
In accordance with Article VI, Section 9, of the Constitution of Montana, and Title 17, Chapter 7, part 1, Montana Code Annotated, I am transmitting to you my 2007 Biennium Executive Budget recommendations.


This budget sets forth a balanced financial plan for Montana state government for fiscal years 2006 and 2007. This budget is structurally balanced based upon the ongoing revenue projections for the 2007 biennium. The budget also contains one-time expenditures using some of the one-time monies. We have reviewed every program in state government in order to achieve this structural balance. I believe that this budget responsibly allocates available revenues to the highest priority programs and provides a solid foundation for your deliberations to begin. I trust you will use it in that manner.

I want to take this opportunity to acknowledge all the hard work, long hours and great effort that so many employees put forth in preparing the biennial budget, at both the agency level and the Office of Budgeting and Program Planning. If you would like additional information about the budget or if you have questions, please contact any state agency or the OBPP.

I wish the members of the Fifty-Ninth Legislative Assembly well as you commence your work.

Sincerely,


JUDY MARTZ
Governor



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Budget Summary

This budget is structurally balanced. In other words expenditures are less than projected revenues in FY 2007. The ongoing expenditures constitute an approximate 7.6 percent general fund biennial increase over the 2005 biennium budget. The budget contains a 3 percent increase each year for the state employees pay plan; it also contains a \$46 and a \$51 increase in FY 2006 and 2007 for the employee benefit package. It contains approximately \$7 million to address the unfunded liability of the PERS and TRS retirement programs by increasing the employer contribution to the plans over the next couple of biennia.

The major factors causing the increase in spending in this budget are the increase in federal match rates and caseloads in the Department of Public Health and Human Services; the increasing prison population in the Department of Corrections, employee pay and benefit increases, the inflation increase in K-12 base aid, and addressing the retirement liability. Altogether these account for approximately 6.5 percent of the 7.6 percent spending increase in this budget.

This budget has a projected ending fund balance of \$163 million. This projected balance, is the largest ever and contains \$50 million of on-going revenues and \$113 million of one-time money. This balance will allow the next administration and legislature the flexibility to address other issues that will arise in the next biennium and still maintain an adequate fund balance left to allow for revenue downturns or other emergencies should they occur. See page O-24 for the budget recommendation and ending fund balance sheet.

Martz Administration History

The past four years have been challenging budget times. In FY 2003, general fund revenues were 7.8 percent less than anticipated by the 2001 Legislative session, which caused reductions in spending in the middle of the biennium. While these obstacles challenged our imaginations as to how to get through these difficult times, we did it.

A short history of the challenges follows:

- Balancing the 2003 biennium without tax increases was the first challenge. Governor Racicot's budget was reliant on increased taxes that were not acceptable to the Martz administration.
- Dealing with the short fall in revenues caused by the recession, tragedies of September 11, 2001, and the stock market decline, which eroded personal and corporate income taxes, and treasury cash account interest.
- Handling budget constraints caused by the energy crisis by requiring agencies to conserve. Also, the Governor appointed an Energy Task Force to make recommendations to solve the crisis.

- Reducing and restructuring government expenditures to maintain a balanced budget. The Governor's reductions of \$23 million in FY 2003 and Special Session cuts, funding switches, and other measures totaled \$58.9 million. Despite an average reduction of 4.9 percent, certain areas of the budget were affected more than others. The University system had the highest reduction at 9.2 percent and K-12 education had the lowest at 1.7 percent. These were difficult decisions that affected a lot of Montanans.
- Balancing the 2005 biennium budget without a permanent tax increase was the goal of the Martz administration. Two years ago, we had every indication that a significant portion of the fiscal crisis would be short lived and that one-time money was needed in FY 2004 to shore up the reserves. The Martz administration recommended a one-time transfer from the coal trust that would be paid off when revenues exceeded revenue estimates. Although the Legislature did not accept this proposal, it should be pointed out that with our current fund balance, we would have been able to return the money transferred from the coal trust by the end of FY 2004 when the fund balance was \$109 million more than anticipated by the 2003 Legislature. By the end of FY 2005, the fund balance is projected to be nearly \$163 million in excess of the level anticipated by the 2003 Legislature.



The 2003 Legislative Session solved the one-time revenue shortfall with one-time revenue enhancements. The legislature enacted several new or increased taxes to be offset by significant income tax and capital gains reductions, but the new or increased taxes took effect prior to decreasing personal income and capital gains tax rates. The Martz Administration accepted this compromise and it became law.

Accomplishments in income tax and other tax restructuring

The Martz administration significantly reformed Montana's income tax structure. The goal was to create a more competitive environment that will lead to the creation of more good-paying jobs for our citizens. The tax reforms removed two major impediments to economic development. First, they corrected the perception that Montana's income tax is the highest in the nation. Our tax rates are now more transparent and rates more closely reflect what individuals actually pay. This is good tax policy even before we consider the economic benefits. Second, they corrected the very real problem that Montana had one of the very highest marginal tax rates on capital gains income in the country. High effective rates of taxation on capital gains income have a serious adverse impact on capital formation and investment in the state. Without capital investment, the state is deprived of many good paying jobs, and ultimately, a lower tax base.

Under the new income tax structure, the average person in every class and income bracket will pay an equal or lower tax than under the current system. For Montana taxpayers as a whole, there is an overall income tax reduction of approximately 10 percent. Much of the income tax relief is focused on capital gains tax relief. More competitive capital gains tax rates benefit taxpayers in all tax brackets and all income levels.

Replacement revenue was provided in part by non-residents through a limited sales tax on accommodations and short-term rental vehicles. Cigarette and tobacco taxes were also increased. These revenue replacements were enacted in the spring and summer of 2003 before the income tax changes, which begin January 1, 2005.

Federal Help when it was needed the most

On May 28, 2003, President Bush signed into law (P.L. 108-27) the Jobs and Growth Tax Relief Reconciliation Act of 2003 (TRRA). This act had three significant impacts to the state budget.

1) \$50 million - Federal Jobs and Growth Tax Relief Reconciliation Act Funds

In FY 2003 and FY 2004 the State of Montana received disbursements from the federal government totaling \$50 million in federal relief funds. These funds were to provide essential government services, cover the state costs to comply with any unfunded federal mandates and to fund expenditures "permitted under the most recently approved budget for the state", not for new programs.

Through November 8, 2004 the State of Montana has obligated a total of \$49,848,031 leaving a balance of \$151,969. The obligation of these funds falls into three basic categories; disaster funding (fires, floods, and winter storms), Northwestern Energy bankruptcy costs, and other allocations made by the Governor. A breakdown of the expenditures is provided in table O-1 to the right.

2) FMAP Rate "Enhancement"

Subsection 401(a) of TRRA provides temporarily, with respect to certain expenditures by eligible states, increases in the federal medical assistance percentage (FMAP), that is, the federal matching rate for states' medical assistance expenditures under their Medicaid program. Under this provision, the increased FMAP is available only for a period of five calendar quarters, the last two quarters of federal fiscal year (FY) 2003 and the first three quarters of federal FY 2004.

The FMAP percentage for these five quarters increased by 3 percent. The result of this "windfall" was that the state's payment for this period was less than it would have been without this adjustment. The savings realized to the general fund in FY 2004 from the lower match rate for Montana is reflected in a lower base budget amount of Medicaid expenditures.

Decision packages to adjust for this artificial lowering of the base are included and are identified as "Enhanced" adjustments. The impacts to the budget are described in the Health and Human Services section, beginning on page B-1.

| Table O-1 Federal Jobs and Growth Tax Relief Reconciliation Act Funds | |
|--|---------------------|
| Federal Allocation | \$50,000,000 |
| State Disbursements | |
| DNRC - Fires | \$34,328,563 |
| Dept. of Military Affairs - Fires and Winter Storm | 3,151,200 |
| Subtotal Disaster Funding | \$37,479,763 |
| PSC - NWE Bankruptcy | \$ 354,685 |
| Dept. of Justice - NWE Bankruptcy | 712,385 |
| Subtotal NWE Bankruptcy | \$ 1,067,070 |
| DPHHS | \$ 4,014,000 |
| Long Range Building | 583,121 |
| K-12 | 2,816,046 |
| Higher Ed. | 2,700,000 |
| Department of Corrections | 1,000,000 |
| Other | 188,031 |
| Subtotal General Government | \$11,301,198 |
| Total Biennial Disbursements | \$49,848,031 |
| Federal Funds Available | \$ 151,969 |

3) Revenue Impacts

Revenue collections had an overall increase due to federal tax law changes; tax structure changes increased taxes and depreciation changes decreased taxes. The TRRA changed the federal tax structure by reducing rates, expanding the 10 percent tax bracket, and increasing the standard deduction for married couples. This structure change reduced the federal income taxes that Montanans paid and could deduct when calculating their state income tax. This increased state income tax for taxpayers who itemized deductions.

The federal law provisions to allow for accelerated depreciation and a higher dollar threshold for expensing of business equipment have lowered the state income taxes in recent years. However, starting in FY 2005, state income and corporate taxes will be higher because taxpayers who took advantage of accelerated depreciation will have lower depreciation expenses to deduct in future years.

The current general fund revenues have exceeded expectations and have developed into a strong ending fund balance for the 2005 biennium.

Current Budget Status

Anticipated fund balance at the end of the 2005 biennium

The general fund balance at the end of FY 2005 is projected to be \$209 million, or nearly \$163 million more than projected during the 2003 legislative session. Most of the increased fund balance is from revenues exceeding the level anticipated by the 2003 legislative session. The DPHHS Medicaid reversion of approximately \$20 million over two fiscal years, as discussed further on page B-1, reduced expenditures. Offsetting the lower expenditures of FY 2004 are anticipated supplemental expenditures totaling almost \$13 million in FY 2005, please see page O-22 for more details. In addition, the fund balance changes due to prior year adjustments, which has a small impact to ending fund balance.

Almost all of the FY 2005 ending fund balance is due to revenue exceeding expectations in FY 2004 and FY 2005. Total general fund collections were forecast to increase by \$57.9 million (4.6 percent) from FY 2003 to FY 2004. Twenty-five of the thirty-seven revenue sources ended the year above the forecast. Four revenue sources were more than \$5 million higher than the forecast. They are individual income tax (\$47.3 million higher), video gaming tax (\$5.7 million higher), U.S. mineral royalties (\$5.3 million higher), and oil and gas tax (\$14.4 million higher). Income tax collections were higher than forecast because of strong wage and salary growth and federal tax law changes. Oil and gas tax and U.S. mineral royalties are higher than forecast because natural gas and oil prices are higher than expected.

In FY 2005, the current estimate is for general fund revenue to exceed HJR2 (2003 session, adjusted for legislation) by \$72 million. This is primarily due to \$37 million in individual income tax growth, \$32 million in oil and natural gas revenue, and \$13 million in US Mineral Royalty. These three revenue sources more than offset corporate license tax being \$7 million lower and treasury cash interest being \$7 million lower than HJR2 and all other revenue sources together being \$4 million higher than HJR2.

As seen in Table O-2, FY 2003, FY 2004, and FY 2005 revenues have exceeded the level anticipated by the 2003 Legislative Session. The result is a fund balance in excess of what is needed to maintain adequate reserves. The Governor recommends spending this one-time

revenue on one-time expenditures for specific investments in state infrastructure, computer systems, and capital improvements. The details of these recommendations begin on page O-7 and are also described in decision packages through out the budget books.

| Table O-2 | | | | | |
|--|---------------------------------|--|----------------------------------|------------------------------|--|
| One-time Revenue Accumulation of Three Years | | | | | |
| Fund Balance Impact | | | | | |
| | Revenue Above Projections | Expenditure Impact to Fund Balance | Adjustment to Fund Balance | Impact to Fund Balance | |
| FY 2003 | \$ 23.66 | \$ 11.68 | \$ (8.81) | \$ 26.54 | |
| FY 2004 | 70.7 | 19.7 | (7.3) | 83.1 | |
| FY 2005 | 72.1 | (22.4) | 3.5 | 53.2 | |
| Totals | \$ 166.53 | \$ 8.95 | \$ (12.65) | \$ 162.83 | |
| 2003 Session projected ending fund balance FY 2005 | | | | \$ 46.2 | |
| Projected ending fund balance FY 2005 | | | | \$ 209.1 | |

Anticipated 2007 biennium revenues

The higher level of revenue is anticipated to continue, but the growth in revenue is anticipated to slow. Although actual general fund revenue increased 11 percent in FY 2004, revenue is projected to grow only 2 percent in FY 2005, remain constant in FY 2006, and grow 3 percent in FY 2007.

Expenditure needs in the 2007 biennium

Over the past year and a half several issues have evolved that need budget action. The major needs addressed in this budget are described briefly here and in more depth in the specific agency or bill section of the overview.

- Health and Human Services – Decreased federal matching funds and increases in Medicaid eligible people are anticipated to increase present law Medicaid expenditures by \$88 million from FY 2004 levels. Other primary cost drivers are mental health and other caseloads. More information is available on page B-1.
- Department of Corrections – Continued rapidly rising prison populations require a \$21 million increase from the FY 2004 base level in the Corrections budget. More information is available on page O-18
- K-12 School Budget – Increases in entitlements of slightly over 2 percent per year, which are partially offset by decreases in enrollment total \$17.5 million in the biennium. This entitlement increase comprises the majority of the recommended \$28 million general fund and \$4.4 million guarantee fund increase for K-12 schools.
- Pay Plan for State Employees – The Governor is recommending a 3 percent per year increase in state employees salaries, plus an increase of \$46 per month in FY 2006 and \$51 per month increase in the state contribution to health benefits. The biennial cost of this proposal is \$31.5 million of general fund, which includes \$1.5 million of personal services contingency funds.

- Retirement Plans - The retirement plans of the state; primarily Public Employees Retirement System and the Teachers Retirement System are suffering from market losses from the prior four years. The market losses along with the cost of living adjustments added to retirement benefits have developed unfunded liabilities in excess of acceptable levels. The state constitution requires the state to ensure that these funds are actuarially sound. The Martz administration proposes to both reduce benefits for future employees of the plans and to temporarily increase the employer contribution to the plan to make up for the losses. The current biennium cost to this proposal is approximately \$7 million of general fund. For further details see page O-13.
- Montana University System Tuition – Tuition has increased at unacceptable rates over the past several years. The Martz budget recommends trying to keep tuition increases to a minimum by using state funding to fully fund the resident student share of the present law increases and not requiring tuition increases to support these adjustments. Please see page E-48 for more details.
- Economic Future of the State – Shared Leadership for a Stronger Montana Economy is a partnership between the Governor, state legislature, congressional delegation, educators, and the business community that has developed over the past two years. The goal of the partnership is to identify concrete actions that the Montana University System can take, in partnership with other government entities and the private sector, to create a stronger economy and create more good paying jobs in the state. The effort has been underway in earnest since January 2004 and has developed three priority areas:
 - Develop stronger business-university system partnerships for workforce training
 - Remove barriers to access for postsecondary education
 - Expand distance learning programs and opportunities
 For more details see page E-34.
- Backlog of Capital Needs – Over the past several biennia the need for capital improvements has developed. In response to the one-time revenue the Governor has developed a plan to spend some of this one-time-only revenue on capital infrastructure and improvements. For further details see the write up for HB 5 on page O-12.

General Fund Balance

One of the most important investments that we can make is a solid ending fund balance. It is recommended that a fund balance of \$80 million or nearly three percent of the biennial general fund expenditures be adopted. This gives nearly a 2 percent reserve for unexpected changes in revenue or emergency expenditure requirements such as fires, before the Governor would need to make reductions under the provisions of 17-7-140, MCA. The advantages to an adequate fund balance will be to reduce future state budget crises. Maintaining an adequate fund balance will enable the Governor to pay for emergencies if needed. Maintaining an adequate fund balance will give a small cushion if revenues do not materialize as anticipated. This will be an asset for current and future generations of the state. Governor Martz's budget leaves a \$163 million fund balance including \$50 million of revenue in the biennium for ongoing expenditures and \$32.5 million in excess of the recommended fund balance. See page O-24 for the ending fund balance sheet

Structural Balance

The critical test of any budget is that it is structurally balanced. With such large ending fund balances, it is critical to keep a structurally balanced budget and not allow on-going spending beyond the ongoing revenue of the state.

Table O-3 lists the annual revenues and ongoing expenditures. The Martz budget leaves \$25 million in each year of the biennium available for additional ongoing expenditures to be approved by the 2005 legislature.

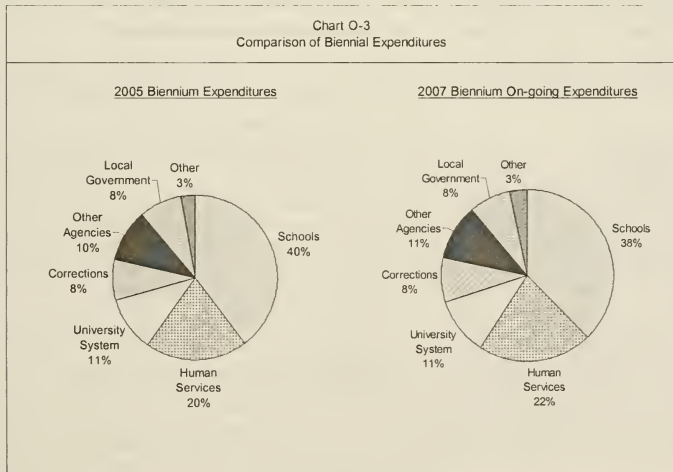
| Table O-3 Annual Structural Balance | | |
|--|---------|---------|
| | FY 2006 | FY 2007 |
| Revenue | 1,411.7 | 1,455.9 |
| On-going Expenditures | 1,386.6 | 1,430.7 |
| Annual Structural Balance | 25.1 | 25.2 |

Additional One-Time Revenue

Table O-2 on page O-5 shows an ending fund balance of \$209.1 million. Table O-4 on page O-8 shows \$96.4 million of one-time expenditures recommended in the Martz budget. Assuming an adequate ending fund balance of \$80 million, this leaves \$32.5 million in additional one-time expenditures to be designated by the Legislature.

Biennial Expenditures

Chart O-3 shows pie charts of the ongoing expenditures for the 2005 biennium compared to the 2007 biennium. Major observations about the pie charts are: Schools decrease 2 percent, Human Services increase 2 percent, and all other change less than 1 percent.



Outstanding Expenditure Issues

School Funding – The Supreme Court will not rule until after our budget has been completed. Until resolution of the litigation is reached, it is premature to make recommendations to the legislature. The legislature may choose to use all or a portion of the \$50 million ongoing general fund revenue remaining in the Martz budget for school funding issues.

Tobacco Tax increase – The people of the state of Montana passed an initiative increasing the tobacco tax and using the revenue for health care initiatives. The Martz Administration is leaving the determination of how to use the funding provided in this initiative to the legislature.

One-Time Revenues Will Be Spent On One-Time Expenditures

Table O-2 on O-5 shows a \$209.1 fund balance. The majority of this fund balance can be spent on one-time expenditures. The goal of the Governor was to provide a lasting impact with the excess fund balance available. These revenues may never be available again, and the Governor recommends strategic investments that will benefit the state in the long term through: paying off long-term obligations, investing in infrastructure, investments to improve services, and equipment. Recommended investments are shown in Table O-4 and are described below.

Paying off debts:

Pay off IRIS Debt

Paying off the Department of Revenue integrated tax system loan of \$16 million from the Board of investments reduces approximately \$3 million per year in payments for the next 5.5 years. The reduction of these payments eliminates the assessment against the personal income tax revenue and results in about \$3 million of additional ongoing general fund revenue each year of the biennium. This proposal also addresses a Legislative audit concern in the Department of Revenue.

Table O-4
One-Time Only Expenditures
(millions)

| | Biennial Appropriation |
|--|---------------------------|
| <u>Pay off Debts</u> | |
| Pay off the Department of Revenue computer system loan (IRIS phase I & II) | \$ 16.00 |
| Replacing Cultural Trust revenue used to buy Virginia and Nevada Cities | 3.91 |
| Completing payments for the Crow Tribe Water Compact Agreement | 9.00 |
| <u>Deferred Maintenance and other capital needs</u> | 30.00 |
| <u>Investment in information technology infrastructure</u> | |
| Dept of Revenue completion of POINTS computer system replacement | 4.00 |
| Department of Correction Computer system to track offenders | 1.60 |
| Department of Revenue property tax system replacement | 5.50 |
| Judiciary computer system completion | 1.35 |
| Gambling Control computer system | 1.10 |
| <u>Preparing for the future</u> | |
| Notern Tier Emergency Telecommunications Infrastructure Completion | 4.10 |
| Department of Revenue protested property tax reserve | 4.00 |
| Department of Revenue agricultural land reevaluation | 1.40 |
| Montana University System Shared Leadership | 3.94 |
| <u>Equipment needs</u> | |
| Montana University System equipment for two-year programs | 5.00 |
| <u>Other</u> | |
| Department of Corrections License plate issue | 4.35 |
| Other | 1.19 |
| Total all OTO Expenditures | \$ 96.44 |

Return Funds to Trust

Repay the Cultural Trust for an obligation created in the 1997 legislative session when the legislature authorized the use of \$3.9 million from the trust toward the purchase of Virginia City and all of Nevada City. Since that time the legislature has authorized a general fund appropriation in HB 9 to replace lost interest revenue. With this deposit into the trust, the Cultural and Aesthetic Grants program will no longer need this \$250,000 annual appropriation. See details of this HB 9, Cultural and Ascetic Grants bill on page O-13.

Complete Payments to the Crow Tribe Settlement

The June 1999 Special Session of the Montana Legislature approved the water rights and coal severance tax litigation settlement with the Crow Tribe (85-20-901 thru 85-20-902, MCA). The state also authorized a "contribution to settlement" of \$15 million. "The State agrees to contribute the sum of \$15 million, in equal annual installments for a period of no more than 15 years beginning July 1, 1999, to a fund for the use and benefit of the Tribe" (Article VI.A.1. of the Crow Water Rights Compact). Pending final effectiveness of the compact, these funds are paid into escrow (85-20-904, MCA).

The State has paid \$6 million of this obligation to date. A one-time only appropriation of \$9 million would fulfill the state's obligation under this settlement and free up \$1 million a year of on-going general fund revenue.

Deferred maintenance and other capital needs of the state.

For many years, the capital needs of the state have been delayed due to the limited revenue. Investments include steam tunnel work on the University of Montana Missoula, new roofs; replace boilers; demolition of long abandon buildings; improved use of buildings by remodeling; and many other needed improvements. The Governor is recommending a one-time investment of \$30 million to take care of this long list of capital investments and maintenance projects. See the details of this proposal on page O-12 HB 5 explanation and Volume 4, Long Range Building Recommendations.

Investment in computer systems

Many computer systems of the state have been delayed or under funded. This one-time investment will bring many of the state's computer systems up to current technology.

Complete the shut down of POINTS as directed by the 2003 Legislature

The Department of Revenue will use \$4 million dollars of this one-time money to complete the transition to the new IRIS system. This funding will allow the department to contract for the implementation of the remaining tax types including consumer counsel, contractor's gross receipt's, electrical energy, metal mines, nursing facility bed, public service regulation, resource indemnity trust, retail telecommunication excise, wholesale energy transaction, 911, abandon property, coal gross proceeds, coal severance, other tobacco products, telephone device for the deaf (TDD), and liquor (beer, wine and hard cider).

Property Tax Computer System

The Department of Revenue is responsible for the valuation and assessment of all real and personal property in the state for property tax purposes. This process involves over 850,000 pieces of real and personal property and hundreds of millions of dollars in annual property tax collections. Use of the existing obsolete property tax computer system technology now places the entire property tax system in serious jeopardy. Therefore, the executive is recommending the use of one-time-only money of approximately \$5.5 million for the biennium to develop and implement a new technologically sound property tax computer system. The new system would

interface with IRIS and provide increased functionality for the other taxes the department administers.

Offender Tracking System

The Department of Corrections wishes to join a consortium of states, which are using O-TRACK (Offender-Track) as their offender management system. The consortium will provide Montana DOC the O-TRACK program code for free. A \$1.6 million investment of one-time-only money will pay to implement the system in Montana. O-TRACK, originally developed by the Utah Department of Corrections, is a state-of-the-art, 4th GL database system that manages state level offender populations. The system provides all pertinent information for managing offenders in secure facilities as well as in community settings, on probation, or parole.

Judiciary Computer System Completion

The expenditure of \$1.35 million one-time-only money is needed to purchase initial software application licenses for District Courts and the remaining Courts of Limited Jurisdiction. The court software, called "JSI-FullCourt Case Management System" has already been rolled out successfully in 86 Courts of Limited Jurisdiction and no District Courts.

Gambling Control System

The Gambling Control Division has been pursuing the options for enhancements/updates to the existing antiquated gambling revenue tax accounting system. The executive is recommending the appropriation of \$1.5 million one-time-only money in the 2007 biennium to add a gambling tax module to the existing GenTax system maintained by the Department of Revenue. This request is \$1.1 million general fund, \$340,000 state special revenue (gambling tax), and \$60,000 proprietary (liquor account).

Preparing for the Future

Emergency telecommunications infrastructure - the Northern Tier Interoperability Project

The Northern Tier Interoperability Project (NTIP) is a partnership of local, state, tribal, and federal government agencies, each with challenging requirements for radio communications. Several have projects already underway and NTIP will interconnect standards-based systems to make the most of existing resources, extend them to neighboring cooperators, and expand capabilities for all. The Montana National Guard's homeland security mission will be enhanced through highly reliable, redundant communications capabilities to its Highline armories.

The anticipated cost for the entire project is \$13.4 million. Of this total cost, \$5.7 million will be paid by federal revenue through the Office for Domestic Preparedness (ODP). The Montana Board of Crime Control will provide \$1.4 million through their Law Enforcement Terrorism Prevention funding. Collaborating with the Montana National Guard will cover \$2.2 million of the expenses. The total funds currently available are \$9.3 million (\$5.7 + \$1.4 + \$2.2). The remaining \$4.1 million will be provided by a one-time restricted general fund appropriation to the Department of Administration.

Department of Revenue Protested Property Tax Reserve Fund

To provide stability of revenues available for the general fund, the Governor recommends establishing a state special revenue fund for centrally assessed protested property taxes. It is estimated that at the end of fiscal year 2005, setting aside 50 percent of the protest amount held by the state would use approximately \$4 million of the one-time general fund money. This fund will be used to pay any refunds due upon resolution of the protest, thereby reducing the impact to on-going general fund revenue. For more information see page O-13.

Agricultural/Forestland Classification and Valuation System

The Department of Revenue requests funding for a Montana agricultural/forestland classification and valuation system. This request totals \$1.4 million of one-time-only money for the biennium. The department is proposing to implement a new agricultural and forestland classification system for the 2009 tax year. The proposed system would update Montana's current agricultural and forestland classification and productive grading system, and bring the state into compliance with current law that requires classification and grading of agricultural and forestland be kept current and that it be "equitable and uniform". That is clearly not the case now. Based on that fact, the new system would resolve potential lawsuits that might occur where individuals or groups believe inequities exist between Class 4 - residential and commercial property and Class 3 - agricultural land because the department has not been able to maintain current classifications and grade determinations for agricultural and forest land.

Montana University System Shared Leadership

A portion of the Shared Leadership proposal beginning on page E-34 is a one-time investment. The areas of one-time investment are the two-year education improvements, Montana Tech Economic Development Resource Center, a program to increase the supply of health care workers, distance learning, and business and economic outreach.

Equipment Needs – Montana University System

Our two-year programs within the Montana University System and Community Colleges have a wide array of serious equipment deficiencies, particularly in industrial and trade programs. Montana industry needs students trained with the current equipment and technology employed in most private industry around the state. In areas ranging from welding/metal fabrication to automotive maintenance to HVAC installation/repair our institutions are teaching with outdated and marginally functioning equipment. In some cases this lack of relevant training equipment creates worker shortages in high demand, high wage occupations. In addition, the University System also increasingly facing safety concerns in some of these programs using outdated equipment.

To be an effective economic development partner, these two-year programs must provide current and relevant training experiences. This requires familiarity with the equipment the students are expected to master when they take jobs here in Montana. A one-time appropriation of \$5 million to the Board of Regents, that will require an equal match from the university system to fund the purchase and update of equipment for the two-year programs within the Montana University System and Community Colleges, will have a tremendous impact on the ability of higher education to serve Montana's students and businesses and the continuing efforts to improve economic development.

Other

Reissue License Plates

License plates are required to be reissued by 61-3-332, MCA. The Montana Correctional Enterprises license plate factory estimates that 2.7 million plates will need to be produced in FY 2006 and 735,000 plates in FY 2007. The cost of this increased production is estimated at \$3,853,751 and \$496,837 respectively of one-time revenues. The state will see an offsetting revenue increase with this reissue.

Small one-time items

- Purchase \$170,000 of audiologic equipment for schools in the biennium. The Office of Public Instruction (OPI) Hearing Conservation Program (HCP) has many equipment units, which need replacement. Usual reasons for replacement needs are: 1) age (too old to be

reliable or to hold a calibration), 2) replacement parts are no longer available, and 3) the old unit being taken off line (in some cases, long ago) for being obsolete.

- Build a fire-fighting helicopter in the Department of Natural Resources and Conservation (DNRC) for \$200,000 in the biennium. DNRC will build an additional UH-1 helicopter to increase the fire fighting capabilities of the state helicopter fleet. The cost to build the additional UH-1 helicopter is \$256,000 based on a FY 2005 project completed in July 2004. DNRC would utilize \$56,000 of their existing proprietary budget authority to complete the project. The additional helicopter is expected to save significant fire fighting costs.
- One-time expenditure for equipment for the Department of Environmental Quality TMDL water quality program described on page C-27.
- Allow the Department of Administration to expend up to \$300,000 to reimburse the federal government for the federal share of the State Old Fund that was transferred to the general fund in FY 2003 and FY 2004.

Summary Of Bills Impacting The General Fund Balance

HB 5 – Long Range Building

The Long-Range Building Program (LRBP) was initiated in 1965 to provide funding for construction and maintenance of state buildings. The LRBP was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for capital construction and maintenance of state-owned facilities.

Since the 1980-81 biennium, Long Range Building Account revenues, which are the primary recurring revenue source for major repairs and maintenance at State facilities, has declined from an annual amount of 1.74 percent of building replacement value to a current (2004-2005) amount of 0.15 percent of building replacement value. The State Architecture & Engineering Division has estimated that between 1.0 and 1.25 percent of building replacement value should be re-invested in state-owned facilities annually in order to avoid adding to the state backlog of major repair and replacement needs. This percentage is to address those construction needs beyond what would be considered typical operations and maintenance (O&M) included in the operational budgets of state agencies. In simple terms, this would require between \$22 and \$27.5 million on a biennial basis in order to preclude an increase in the backlog of deferred maintenance for the \$1.1 billion of state-owned buildings that receive some general fund support.

The 2006-2007 Long Range Building Program proposal represents a determined effort by the State to halt the increase, and provide a partial rollback, in the backlog of major repairs and maintenance projects within State-owned facilities and campuses. Of the total \$115 million in project requests, this LRBP proposal recommends \$35.1 million for major repairs, maintenance, replacement and renovation projects. All of these projects either directly address facility repairs, renovations, and deficiencies or completely replace deteriorated components or buildings. None of the proposed projects will result in additional continuing costs upon completion. No bonded construction program is proposed.

To realize this goal of shrinking the state's major repair and maintenance backlog, a one-time transfer of \$30 million from the General Fund to the Long Range Building Fund will be required. This transfer will augment the projected revenues of \$5.1 million in the LRB fund to arrive at a total available amount of \$35.1 million.

HB 9 – Cultural and Aesthetic Grants

MCA, 22-2-304 requires that the legislature to appropriate funds from the Cultural and Aesthetic trust fund income for cultural and aesthetic projects. These projects are contained in House Bill 9. In addition to the projects, this bill appropriates \$3,912,500 general fund one-time-only to the Cultural and Aesthetic Trust Fund.

Previous biennia HB 9 contained approximately \$250,000 of general fund money each year to support the grant awards. This general fund appropriation is removed from House Bill 9 because the \$3.9 million appropriation to the trust will enable approximately the same level of income to be earned in the Cultural and Aesthetic Trust fund.

On April 23, 1997, the Montana legislature authorized the purchase of the Charles and Sue Bovey properties in Virginia City and Nevada City for \$6.5 million (\$5 million for the artifacts and \$1.5 million for the buildings and land). The purchase was finalized in May 1997, resulting in state ownership of about half the historic structures in Virginia City and all of Nevada City. These acquisitions were purchased with money from the Cultural and Aesthetic Trust Fund (\$3,912,500) and with proceeds from the sale of general obligation bonds (\$3,912,500).

Department of Revenue Protested Tax Reserve Fund LC 166

SB 294 (2003 session) required the counties to send the 95-mill and 6-mill levy portion of protested property tax payments made by centrally assessed companies to the state. The settlement of large protests takes considerable time and it is not possible to predict the year the current \$8.1 million of protested taxes will be settled or the resolution of the settlement. Therefore, the Governor proposes to put half of the protested property tax payments or approximately \$4 million of the one-time revenue into a state special revenue account so that a reserve will be there to pay any refunds to the companies due upon resolution of the protest.

Protested taxes received in FY 2006 and there after would be split 50 percent to the state special Protested Tax Reserve Fund and 50 percent to the general fund or six-mill levy fund as appropriate.

Retirement Systems Actuarial Funding

Teachers Retirement System Bill to Actuarially Sound Funding LC 99

Public Employees Retirement System Bill to Actuarially Sound Funding LC 96

The Montana Constitution requires that the legislature actuarially fund all public retirement systems. Montana has two main systems, the Public Employees' Retirement System (PERS) and the Teacher's Retirement System (TRS). Like most retirement systems in the country, PERS and TRS have seen a significant decline in the fair market value of pension assets since 2001. The Boards of both systems have recommended a mix of contribution rate increases and system design changes to address the significant unfunded liabilities of the plans.

PERS has two recommendations for system design changes for employees hired after July 1, 2005: modify the final average salary definition from 3 year to 5 year average, and cap the GABA at the CPI rate. In addition, an employer contribution rate increase of 0.66 percent in the 2007 biennium and an additional 0.67 percent in the 2009 biennium will be required to actuarially fund the plan. This combined with changes in other smaller plans of the Public Employee Retirement Division equals an increase of \$2.5 million general fund over the 2007 biennium.

TRS has recommended four changes in system design for employees hired after July 1, 2005: modify the final average salary definition from 3 year to 5 year average; change normal retirement age to 30 years of service plus age 55; change early retirement age to 5 years of service plus age 55; and credit members' accounts with interest based on a prudent standard. The employer contribution increase required to actuarially fund the TRS system, in addition to these changes, is 1.2 percent in the 2007 and the 2009 biennia. This equals an increase of \$4.6 million general fund over the 2007 biennium.

Other Bills Affecting General Fund Balance

1) The Department of Justice is submitting a bill to create a statutory appropriation for certain vehicle fee collections that are required to be transferred from the general fund to the highway patrol retirement fund. This will not change the obligations of the state, but will provide a mechanism for transferring the money.

2) The vehicle laws changed in the 2003 legislative session inadvertently reduced some vehicle transfers to state agencies for the period January 1, 2004 to June 30, 2005. In addition, the coordination for the search and research program to receive additional fees intended for their program did not occur. The general fund was increased due to these oversights. LC0164, by the Revenue and Transportation Committee, is to correct these oversights. These corrections are funded in the executive budget.

Major Expenditure Highlights

K-12 Education

K-12 education comprises approximately 38 percent of the state general fund expenditures. The Governor's recommended budget for schools provides a present law increase plus other inflationary items. Inflation has been applied to basic and per ANB entitlements as required by 20-9-326 MCA. The same inflation rate has also been applied to special education state contribution. Increases have been provided for facility bond payments, block grants, transportation, and county school retirement GTB required by increasing entitlements. In addition, increases will be provided for the county retirement GTB for schools to pay the state share of the cost increase in the employer share of the retirement contribution required in these bills.

The Governor recommend the approval of the new funding for the "Indian Education for All" program at the Office of Public Instruction. The Governor has supported this program in the current biennium with \$60,000 from the federal Jobs and Growth (TRRA) funds. The new appropriation will be funded with general fund at \$250,000 per year. It will provide funds to preserve the distinct and unique cultural heritage of American Indians.

Health and Human Services

The Department of Public Health and Human Services (DPHHS) expended \$1.12 billion in FY 2004 in all funds: general fund, federal funds, and other state special funds to provide a wide range of services to the citizens of Montana. Approximately 21 percent of the total state's general fund expenditures are spent on programs managed by this agency. Though DPHHS has a multitude of programs for which it is responsible, the Medicaid program is, by far, the largest and influences many other services provided by the department. Medicaid general fund expenditures equate to approximately 48 percent of the DPHHS general fund expenditures; put another way, this program uses nine percent of the entire general fund of the state.

Current Issues in Health and Human Services

There are several major issues facing Health and Human Services that are addressed in the Governor's budget:

- The increases in match requirements and caseloads in the Medicaid budget can be found on page B-1.
- The balance of funding for public assistance and child care services can be found on pages B-4 to B-8.
- The settlement, through mediation, of the Travis D. lawsuit which relates to the delivery of developmental disability services and the development of a new rate structure and improved service delivery system with more consumer choice and portability in the Developmental Disabilities Program, see pages B-31 to B-35.
- The use of tobacco settlement funding to support the delivery of services in several key programs, most importantly in the mental health services plan, resulting from legislation passed in the 2003 legislative session, see page B-2 of the budget for more information.
- The improved mental health services for Montanans with the formation of Programs for Assertive Treatment (PACT), see page B-52.
- The Medicaid redesign study as shown below.

Montana's Public Health Care Redesign Project

As a result of state revenue shortfalls during the last two legislative sessions (the 57th Legislature in 2001 and the 58th Legislature in 2003), the Department of Public Health and Human Services was forced to make a series of very difficult decisions that resulted in significant reductions in the state's Medicaid program. Given the short time frame of a 90-day legislative session, the complexity of the issues, and the potential for significant harm to recipients through unintended consequences, the department was determined to avoid similar crisis management in future legislative sessions. To accomplish this, the department requested legislation to formalize the view of the public health programs administered by the department. The resulting legislation, HJR 13, directed the department to conduct a study regarding the health programs administered by the department and provide a report to the 59th Legislature outlining options that may be undertaken to redesign the health programs administered by the department. To meet this legislative mandate, the department has undertaken a comprehensive review of not only the existing eligibility criteria and health benefits provided but also the structure and values that are the fundamental underpinnings of the state's Medicaid system.

The Medicaid Redesign Project was not intended as a cost-cutting exercise. Rather, the redesign project was intended to reframe Montana's Medicaid program in a fashion that is financially sustainable into the future. The growth dynamics of Medicaid are closely tied to growth in private health-care spending, and individual states cannot control health-care costs on their own. However, strategies that can slow the rate of Medicaid growth by even 2 percent to 3 percent can result in millions of dollars in savings. Though increased costs are inevitable across the entire health-care system, it is anticipated that Medicaid costs will experience some level of increase. The goal of the redesign is to insure that such increases are reasonable and within budgetary constraints, and that scarce resources are appropriately allocated to most effectively and efficiently meet the health-care needs of Montana's most vulnerable citizens. Although the redesign is composed of a series of discrete proposals involving major programmatic and administrative changes, it is the synergy of the interrelationship of the collective changes that will ultimately result in real and significant cost containment and a program that is financially sustainable into the future.

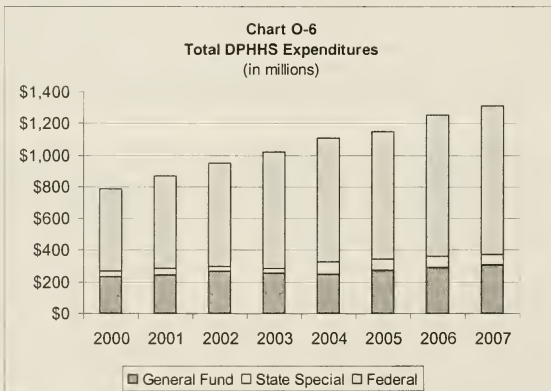
The series of recommendations put forward in a report by the advisory council did not encompass every unique aspect of the Medicaid program. The DPHHS deliberately narrowed

the focus of the redesign to those areas of greatest concern and to those areas where the department felt there was a reasonable chance of effecting change in the current economic and political environment. The collective impact of the recommendations contained in the council's report met the overall objectives of a comprehensive redesign project that will result in greater stability, cost containment and the focus of health-care resources on those most in need.

There were 18 recommendations with corresponding actions that were developed in close collaboration with the Public Health Care Advisory Council, with significant input from the general public, and countless hours of work by staff of the Department of Public Health and Human Services. Many of the recommendations are being integrated into the current operations of the DPHHS. Other recommendations will require action by the state legislature and/or the federal government. The DPHHS has included legislative requests and has initiated preliminary negotiation with the federal agencies. Actual implementation of the recommendations will not occur until after the legislative session and/or final approval by the federal government. See page B-2 to find more information about specific Medicaid Redesign proposals.

Health and Human Services Conclusions

Finally, it is useful to review the level of state funding that has been available for the wide range of services provided by the DPHHS over the last few years. Current revenue concerns should be considered, as all of state government is being required to slow the growth of spending. Chart O-6 shows the historical growth in appropriations for the department. There have been significant increases in non-general fund support. State Special Revenues have increased, particularly the Prevention and Stabilization Account, Nursing Home and Institutional Bed Taxes, and Intergovernmental Transfers. There are also several activities that have increased substantially and are funded with 100 percent federal funds. Most notable in this category are the Food Stamp Program and Indian Health Services, as well as several budget-amended activities such as the Bioterrorism and grants.



Montana University System

The Montana University System expenditures comprise approximately 11 percent of the state general fund expenditures. In the 2007 biennium, the Governor is recommending an appropriation of \$300.4 million of general fund excluding the pay plan. The recommended pay plan will increase this general fund support by approximately \$11 million. Within the \$300 million, there is, state support for the educational units of \$225.3 million of general fund. In addition to general fund the six university units receive \$27.1 million in six-mill levy revenue.

For FY 2004 the Montana Board of Regents enacted an approximate 11 percent average system-wide permanent tuition increase for the 2005 biennium per year. The percent increase is approximately 4 percent over the FY 2003 tuition increase when taking into account the tuition surcharge due to the 2002 Special Session. Tuition generated between FY 2005 and the base year, FY 2004, adds approximately \$18 million to the educational units current unrestricted budget.

Buy Down of Tuition in the 2007 Biennium- The executive has funded present law adjustments at a level that fully funds the resident student share of the increases in order to keep tuition levels as low as possible. The tuition increase needed to fund the 2007 Biennium Executive Budget is 1 to 2 percent above the FY 2005 tuition rates.

Equipment Needs- As described on page O-11, the executive proposes to provide \$5 million of one-time funding that requires an equal match from the University System for equipment for two-year programs.

Shared Leadership Group

Shared Leadership for a Stronger Montana Economy is a partnership between the Governor, state legislature, congressmen, educators, and the business community. The goal of the partnership is to identify concrete actions that the Montana University System can take, in partnership with other government entities and the private sector, to create a stronger economy and create more good paying jobs in the state. The effort has been underway in earnest since January 2004 and has developed three priority areas:

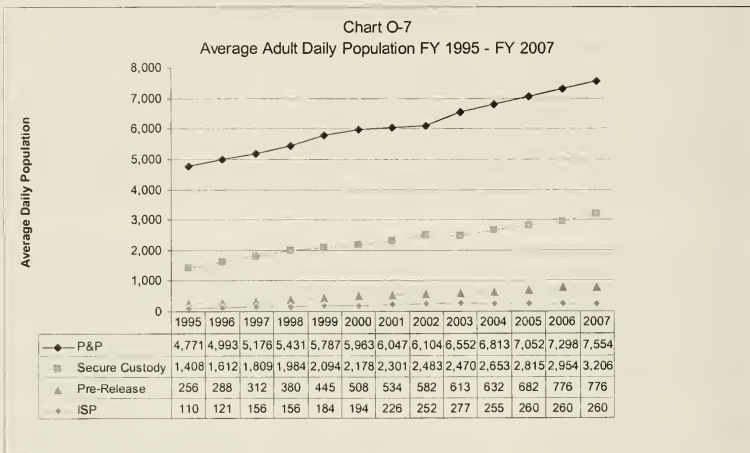
- Develop stronger business-university system partnerships for workforce training
- Remove barriers to access for postsecondary education
- Expand distance learning programs and opportunities

An important objective of the "Shared Leadership" initiatives is to better coordinate statewide activities of the University System. All funding is provided with an understanding that the University System will provide the amount of matching funds indicated on page E-34.

Department of Corrections

The Executive is requesting \$234.8 million general fund for the 2007 biennium. In the agency's request, there were a number of substantial increases that the Governor recommends be approved to deal with increasing adult populations, estimated to grow over 5 percent per year, by increasing the use of community corrections supervision. There are a number of decision packages requested to deal with the growing populations dilemma including adding 15 probation and parole officers in FY 2006 at a general fund cost of \$640,247 and 19 officers in FY 2007 at a general fund cost of \$782,230. Another request aimed at coping with the increasing populations is a request to increase the number pre-release beds in the system at a cost of \$1,335,622 general fund per year.

Due to the anticipated growth in the adult population, the department is also requesting an increase in contract beds of \$4,219,294 in FY 2006 and \$8,935,099 in FY 2007 to provide adequate hard-cell housing for inmates not eligible for community corrections.



Department of Revenue

The Department of Revenue's budget includes a present law budget plus four significant one-time only proposals as described in more detail on page O-10. The four proposals are approximately \$4 million to complete conversion the to IRIS; pay off the IRIS loan from the Board of Investments for approximately \$16 million; \$5.5 million for the biennium to develop and implement a new technologically sound property tax computer system; and finally a Montana agricultural/forest land classification and valuation system of \$1.4 million. These proposals will be one-time-only appropriations. Funding these proposals will result in significant general fund savings in the long run.

Department of Justice

Major issues in the Department of Justice include:

Gambling Control Computer System

The Gambling Control Division has been pursuing the options for enhancements/updates to the existing antiquated gambling revenue tax accounting system. This system is authorized by a one-time only appropriation as described on page O-10.

IT – Team261 Title and Registration status/update

HB 261 authorizes the department to borrow from the Board of Investments up to \$18.5 million for financing the cost of a project to 1) provide efficient interagency operations and improved services to the citizens of Montana; 2) continue to implement business improvements by systematically adopting business principles that benefit MVD stakeholders and all Montanans;

and 3) treat Montana state government as a single enterprise, sharing knowledge and information openly. The bureaus of MVD directly affected by this business and technical reengineering effort are Field Operations, Records and Driver Control, and Title and Registration.

The project, known as TEAM261, began in October 2003 and will conclude in June of 2007. As of the 2005 Session, Business Process Reengineering (BPR) efforts will have been completed for vehicle titling, vehicle registration, and driver records and control with only driver licensing remaining. These activities account for nearly 30 percent of all planned project activities. The next major steps include implementation of vehicle registration business practice improvements, driver records and control business practice improvements, driver license business practice improvements, and the definition and development of the business process enabling technology.

Backlog at Forensic Lab

The Forensic Science Division Laboratory is the only crime laboratory in Montana providing law enforcement with forensic analysis of crime scene evidence. Accurate and timely analysis of this evidence is critical to the Criminal Justice System. The analysis results will provide important information for the prosecution or defense. Backlogs become issues for the Criminal Justice System when lengthy delays can cause charges to be dismissed due to speedy trial issues or an innocent defendant being incarcerated awaiting the results from the laboratory. Suspects leaving a jurisdiction prior to the laboratory providing law enforcement with results are a very real possibility. Backlogs have a negative effect on the scientists who feel a responsibility to hurry casework because of backlogs, which in turn can result in errors being made. The larger the backlog the more disruptions the scientist encounters as agencies are looking for the results of their cases. The Forensic Science Division has requested and the Executive agrees to fund 3 positions to address the backlog concerns of the laboratory.

The Judiciary –

As required by 17-7-122(3), MCA, the 2007 biennium budget requested by the Judicial Branch is presented in the Executive budget in Table A-1. In this exhibit is also the Executive's recommendation, which is \$7,826,570 lower than what was requested. Listed in the table are those requests that were denied, changed, or added by the Executive. The major differences are the denial of the general fund Information Technology request of \$4.8 million/biennium, the denial of the restoration of and then the addition of the Statewide FTE Reduction, which amounts to \$1.02 million general fund for the biennium. Another difference is the Executive's adjustment of Judiciary's fixed costs to match what was allocated by the OBPP, which is \$558,000 for the biennium. Also, the Executive denied the Juvenile Probation – JDIP request for \$2.048 million in state special revenue for the biennium.

The Judiciary has requested \$950,000 of general fund per year to pay for forensic psychiatric evaluations when a defendant is committed to the Montana State Hospital at Warm Springs under a district court order to determine the fitness of that individual to proceed in a criminal case against that individual. The DPHHS did not previously bill for the evaluations, but due to an audit finding the DPHHS must bill for these evaluations. As this money is received by DPHHS it will be deposited directly into the general fund, thus creating a net zero effect to the fund balance. The Executive has increased this request by \$50,000 per year to ensure adequate spending authority. The Executive is carrying an identical revenue estimate for the requested \$1 million per year for the general fund.

Livestock

The Department of Livestock has experienced a significant loss in state special revenue, mainly in per capita fees, primarily due to drought conditions and a drop in livestock head counts. As Table O-8 shows, cattle head counts alone have decreased 9.3 percent since 2001. Consequently, the budget for the department is reduced by 10.00 FTE and nearly \$400,000 each year of the biennium. As conditions improve and the need exists, the Board of Livestock may request the FTE and spending authority be restored in the future.

| Table O-8 Department of Livestock Headcounts | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | FY 2001 actual | FY 2002 actual | FY 2003 actual | FY 2004 actual |
| Cattle | 1,903,820 | 1,822,370 | 1,805,049 | 1,729,997 |
| Sheep & Goats | 269,218 | 250,742 | 235,457 | 221,314 |
| Horses & Mules | 92,740 | 91,235 | 94,983 | 89,203 |
| Swine | 70,896 | 67,279 | 74,248 | 87,017 |
| Poultry | 293,084 | 285,590 | 312,565 | 332,547 |
| Bees | 53,381 | 46,182 | 43,615 | 41,060 |
| Llamas | 2,679 | 3,444 | 2,863 | 2,330 |
| Bison | 13,475 | 14,281 | 10,870 | 10,097 |
| Domestic Ungulates | 3,798 | 3,103 | 2,594 | 2,356 |
| Ratites | <u>563</u> | <u>367</u> | <u>289</u> | <u>242</u> |
| Total | 2,703,654 | 2,584,593 | 2,582,533 | 2,516,163 |

Department of Environmental Quality

The department has two main areas in which it is requesting additional resources to meet workload demands - water quality permitting and development of Total Maximum Daily Loads (TMDLs). The TMDL program is under a federal district court order to complete all TMDL development by 2007. As part of ongoing negotiations with the courts, the program has committed to an aggressive schedule that would complete several high priority watersheds by 2007, and remaining TMDLs by 2012. Increased staffing and contracted services are necessary to meet this schedule. Similarly, additional resources are needed in water quality permitting both to address permit backlog and to keep pace with increased demand.

Department of Labor and Industry

In the 2003 Legislative Session, there was a one-time-only funding switch within the department. This funding switch replaced general fund with Employment Security Account (ESA) state special revenue funding which was in turn backfilled with Reed Act federal funds. These switches were done to help alleviate the general fund shortfall in the 2005 biennium. Projections indicate that there are insufficient funds in the ESA over the long-term to continue funding those general fund programs without reducing ESA supported programs. This funding switch reduces state special and federal revenue requests by \$613,665 in FY 2006 and \$611,535 in FY 2007 and replaces them with general fund. The programs that are affected by this switch are the Jobs for Montana Graduates Program, Displaced Homemakers, Human Rights, and a portion of the Office of Community Services.

Department of Transportation

Highway contractor payments are projected to be at a level of approximately \$663.2 million for the 2007 Biennium, including \$93 million for US Highway 93 from Polson to Evaro. There has

been no federal transportation bill since the Transportation Equity Act for the 21st Century (TEA-21) expired on September 30, 2003. Therefore, the department continues to operate under a series of continuing resolutions until a new bill can be signed into law. The department estimates federal obligations for the 2007 Biennium to be at a level of \$650 million. A revised executive budget request for the Construction Program will be prepared by January 1, 2005 based upon any updated information regarding federal obligation levels, a revised Tentative Construction Plan (TCP), and efforts to maintain a positive working capital balance in the highways state special revenue account through FY 2007.

State Employee Pay Plan

The budget contains a 3 percent increase each year for the state employees pay plan effective in October of each year. It also contains a \$46 increase in FY 2006 and another \$51 increase in FY 2007 for the employee benefit package to provide stable health care benefits to state employees. The total general fund cost to the pay and benefit plan is \$30 million increases. An additional \$1.5 million of general fund for the personal services contingency pool that is used to fund shortfalls in personal services expenditures in agency budgets is also included in the budget.

General Fund Supplementals

Governor's Office and Commissioner of Political Practices – Changes in administrations causes payouts for employees and are estimated at \$263,000.

Judicial Branch - The District Court reimbursements, for such things as criminal, indigent defense, youth court, and civil jury expenses have an anticipated shortfall in appropriation of \$6.8 million.

Public Health and Human Services – The FY 2005 Child Support Enforcement Division revenue shortfall is estimated at \$857,058. The Child and Family Services Division is requesting a supplemental of \$1,142,942 general fund for Foster Care.

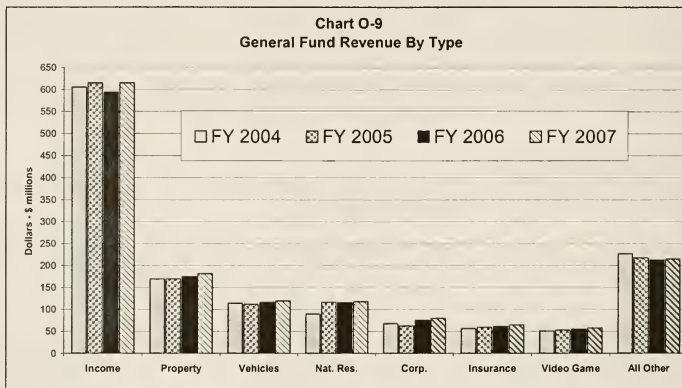
Department of Corrections - The agency anticipates a \$3 million general fund supplemental due to higher inmate populations than anticipated.

Department of Justice- The agency anticipates a supplemental of \$200,000 for the Legal Services Division for major litigation, an exempt staff payout of \$24,000, and \$363,762 for transfers required by HB 559 to the highway patrol retirement fund that did not contain appropriation language.

For more details on the supplementals please see page R-15 of Volume 3

Major Revenue Highlights

The state general fund accounts for all financial resources except those required by law to be accounted for in another fund. Chart O-9 summarizes the general fund revenue in eight groups. Seven major revenue sources comprise 85 percent of the general fund revenue. Each of these revenue sources¹ is over \$50 million.



Individual income tax is the predominant revenue source. Individual income tax at \$615 million is 42 percent of the general fund revenue for FY 2007. Property tax and the related non-levy revenue is \$182 million, representing 13 percent of the general fund revenue for FY 2007. Every other revenue category comprises less than 10 percent of the general fund revenue in FY 2007.

Table O-10, on the following page, shows the 34 general fund revenue categories. The six major taxes, which bring in more than \$50 million a year for each tax, comprise 77 percent of the general fund revenue in FY 2007. As a group, natural resource taxes contribute approximately 8 percent of the general fund in FY 2007. Every other revenue category is less than 4 percent of the total general fund revenue in FY 2007.

¹ Vehicle revenue is both vehicle taxes and registration fees. The natural resource category is comprised of oil and natural gas production taxes, U.S. mineral royalties, coal severance tax, metal mines tax, electrical energy tax, and wholesale energy transaction tax.

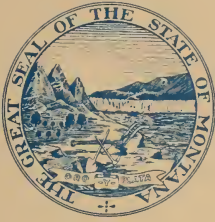
Table O-10
General Fund Revenue - FY 2004 through FY 2007
(millions)

| Revenue Category | Actual FY 2004 | ----- Forecast ----- | | | % of Total General Fund |
|---------------------------------------|-------------------|----------------------|------------|-------------|----------------------------|
| MAJOR TAXES | | | | | |
| Individual Income Tax | \$ 605.35 | \$ 615.27 | \$ 593.50 | \$ 615.25 | 42.36% |
| Property Tax | 169.53 | 170.08 | 175.81 | 181.99 | 12.53% |
| Vehicle Taxes and Fees | 114.33 | 112.09 | 116.91 | 119.87 | 8.25% |
| Corporation License Tax | 67.72 | 62.45 | 75.67 | 80.27 | 5.53% |
| Insurance Premiums Tax | 56.53 | 59.69 | 62.10 | 64.54 | 4.44% |
| Video Gambling License Tax | 50.75 | 52.97 | 55.45 | 57.79 | 3.98% |
| Total Major Taxes | \$1,064.21 | \$1,072.54 | \$1,079.43 | \$ 1,119.70 | 77.08% |
| NATURAL RESOURCE TAXES | | | | | |
| Oil and Gas Production Taxes | \$ 41.32 | \$ 58.30 | \$ 58.51 | \$ 59.18 | 4.07% |
| U.S. Mineral Royalties | 28.74 | 36.35 | 35.32 | 36.22 | 2.49% |
| Coal Severance Tax | 8.64 | 9.25 | 8.64 | 8.57 | 0.59% |
| Metaliferous Mines Tax | 3.23 | 5.26 | 5.70 | 5.98 | 0.41% |
| Electrical Energy Tax | 4.66 | 4.24 | 4.24 | 4.24 | 0.29% |
| Wholesale Energy Transactions Tax | 3.29 | 3.49 | 3.52 | 3.56 | 0.24% |
| Total Natural Resource Taxes | \$ 89.89 | \$ 116.89 | \$ 115.92 | \$ 117.74 | 8.11% |
| INTEREST EARNINGS | | | | | |
| Coal Trust Interest Earnings | \$ 34.91 | \$ 34.00 | \$ 34.29 | \$ 34.48 | 2.37% |
| Treasury Cash Account Interest | 6.39 | 9.89 | 12.82 | 13.50 | 0.93% |
| Total Interest Earnings | \$ 41.30 | \$ 43.89 | \$ 47.11 | \$ 47.98 | 3.30% |
| LIQUOR TAXES | | | | | |
| Liquor Excise and License Taxes | \$ 10.72 | \$ 11.11 | \$ 11.48 | \$ 11.86 | 0.82% |
| Liquor Profits | 6.50 | 6.67 | 6.89 | 7.12 | 0.49% |
| Beer Tax | 2.90 | 2.86 | 2.91 | 2.96 | 0.20% |
| Wine Tax | 1.42 | 1.49 | 1.56 | 1.63 | 0.11% |
| Total Liquor Taxes | \$ 21.54 | \$ 22.13 | \$ 22.84 | \$ 23.57 | 1.62% |
| TOBACCO TAXES | | | | | |
| Cigarette Tax | \$ 36.00 | \$ 34.47 | \$ 33.20 | \$ 32.35 | 2.23% |
| Tobacco Products Tax | 3.56 | 3.57 | 3.59 | 3.62 | 0.25% |
| Tobacco Settlement Funds | 2.93 | 2.91 | 2.37 | 2.34 | 0.16% |
| Total Tobacco Taxes | \$ 42.50 | \$ 40.95 | \$ 39.16 | \$ 38.31 | 2.64% |
| SALES TAXES | | | | | |
| Telecommunications Excise Tax | \$ 20.92 | \$ 21.31 | \$ 21.72 | \$ 22.13 | 1.52% |
| Institutional Reimbursements | 18.11 | 16.31 | 15.12 | 15.13 | 1.04% |
| Accommodations Tax | 9.28 | 10.11 | 10.71 | 11.42 | 0.79% |
| Health Care Facility Utilization Fees | 5.92 | 5.76 | 5.66 | 5.56 | 0.38% |
| Rental Car Sales Tax | 2.49 | 2.56 | 2.64 | 2.72 | 0.19% |
| Total Sales Taxes | \$ 56.71 | \$ 56.07 | \$ 55.86 | \$ 56.96 | 3.92% |
| OTHER TAXES AND REVENUES | | | | | |
| Lottery | \$ 8.12 | \$ 7.00 | \$ 7.01 | \$ 7.90 | 0.54% |
| Highway Patrol Fines | 4.08 | 4.29 | 4.37 | 4.45 | 0.31% |
| Investment Licenses and Permits | 4.83 | 4.12 | 3.92 | 3.73 | 0.26% |
| Contractors' Gross Receipts Tax | 2.12 | 1.96 | 2.61 | 2.40 | 0.17% |
| Driver's License Fee | 3.02 | 2.83 | 3.03 | 2.89 | 0.20% |
| Rail Car Tax | 1.57 | 1.59 | 1.62 | 1.66 | 0.11% |
| Estate Tax | 11.43 | 5.17 | 2.30 | 1.65 | 0.11% |
| Other Revenue | 29.43 | 27.79 | 23.59 | 23.63 | 1.63% |
| State Fund Reserve Transfer | 0.82 | - | - | - | 0.00% |
| Total Other Taxes and Revenues | \$ 65.42 | \$ 54.74 | \$ 48.45 | \$ 48.31 | 3.33% |
| TOTAL GENERAL FUND REVENUE | \$1,381.56 | \$1,407.20 | \$1,408.77 | \$ 1,452.58 | 100.00% |

Table O-11
General Fund Budget Recommendations
(in millions)

| | Base FY 2004 | Appropriated FY 2005 | FY 2006 | FY 2007 |
|--|--------------------|-------------------------|--------------------|--------------------|
| Beginning Fund Balance | \$ 43.06 | \$ 135.25 | \$ 209.06 | \$ 171.37 |
| Revenue | 1,381.56 | 1,407.20 | 1,408.77 | 1,452.58 |
| HB 2 impact on revenues | | | | |
| Pay off Department of Revenue IRIS loan | - | - | 2.77 | 3.18 |
| Additional Scientists Department of Justice | - | - | 0.16 | 0.16 |
| Total Revenue | 1,381.56 | 1,407.20 | 1,411.71 | 1,455.92 |
| Total funds available (fund balance plus revenue) | \$ 1,424.63 | \$ 1,542.46 | \$ 1,620.76 | \$ 1,627.29 |
| Expenditures | | | | |
| General Appropriations (ongoing) | | | | |
| Public Schools | \$ 514.09 | \$ 514.99 | \$ 525.30 | \$ 531.72 |
| Public Schools OTO | - | - | 0.09 | 0.09 |
| Human Services | 250.08 | 272.06 | 296.18 | 307.37 |
| University System | 141.07 | 137.44 | 145.76 | 145.71 |
| University System OTO | - | - | 4.47 | 4.47 |
| Corrections | 104.02 | 106.63 | 112.03 | 116.81 |
| Corrections OTO | - | - | 5.27 | 0.67 |
| Other Agencies | 133.06 | 132.61 | 143.84 | 143.89 |
| Restricted OTO investments | | - | 35.06 | 8.47 |
| Total General Appropriations | \$ 1,142.32 | \$ 1,163.74 | \$ 1,268.00 | \$ 1,259.19 |
| HB 13 Pay Plan Appropriations | 0.45 | 1.05 | 9.51 | 22.04 |
| Statutory Appropriations | | | | |
| Local Government Entitlements | \$ 82.46 | \$ 84.94 | \$ 85.19 | \$ 87.77 |
| Local Government Property tax reimbursements | 6.08 | 4.87 | 3.61 | 2.41 |
| Local Government Retirement | 16.61 | 17.77 | 18.65 | 19.76 |
| Other | 21.45 | 21.59 | 25.80 | 26.00 |
| Total Statutory | \$ 126.60 | \$ 129.16 | \$ 133.25 | \$ 135.94 |
| HB 5 Long Range Building OTO | - | - | 10.00 | 20.00 |
| HB 9 Cultural Trust repayment OTO | 0.25 | 0.25 | 3.91 | - |
| Bill to set aside funds for protested property tax settlements OTO | | - | 4.00 | - |
| Actuarial Funding of Retirement system bills | - | - | 3.60 | 3.60 |
| Other 2003 legislative session bills | 1.00 | 3.35 | - | - |
| Feed Bill | 0.76 | 7.77 | - | 7.00 |
| Carry forward | 0.61 | 1.20 | - | - |
| Non-budgeted transfers out | 10.05 | 22.76 | 22.12 | 21.63 |
| Supplemental Appropriations (HB 3) | | 12.63 | - | - |
| Reversions | | (5.00) | (5.00) | (5.00) |
| Total Expenditures | \$ 1,282.04 | \$ 1,336.90 | \$ 1,449.40 | \$ 1,464.39 |
| Adjustments to fund balance | (7.34) | 3.50 | - | - |
| Ending Balance | \$ 135.25 | \$ 209.06 | \$ 171.37 | \$ 162.90 |
| Available ongoing revenue | | | \$ 25.12 | \$ 25.23 |
| Available one-time revenue | | | | \$ 32.55 |

Notes: The budget for the Legislative Branch budgeted all expenditures in the first year of the biennium. In this table this cost has been split evenly between the fiscal years to show and more accurate representation of structural balance. The ending fund balance is unaffected by this split.



GOVERNOR
JUDY MARTZ

STATE OF MONTANA

SECTION A: GENERAL GOVERNMENT & TRANSPORTATION

Legislative Branch
Consumer Counsel
Judicial Branch
Governor's Office
Secretary of State's Office
Commissioner of Political Practices
State Auditor's Office

Department of Transportation
Department of Revenue
Department of Administration
Appellate Defender's Office
Public Employees Retirement System
Teachers Retirement System
Consensus Council

OBPP Staff:

Brent Doig
Christi Moyer
Eileen Rose
Kristi Rosseland

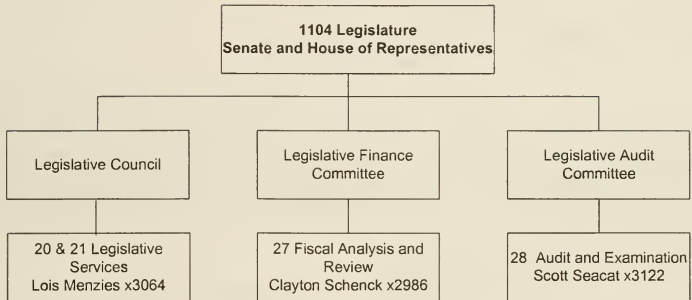
x4118
x4895
x1338
x4899



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

See page R-1 for specific agency assignments.

Legislative Branch-1104



Mission Statement - The mission of the Legislature is to exercise the legislative power of state government vested in the Legislature by The Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administrative structure to support accomplishment of the mission of the Legislature.

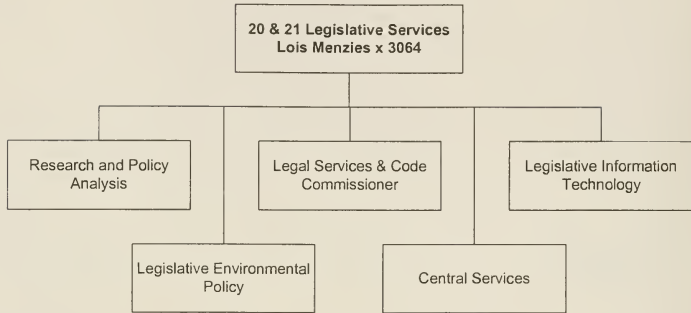
Statutory Authority - Principal statutory authority for the Legislative Services Division is found in Title 1, Chapter 11, and Title 5, Chapters 5 and 11, MCA. Principal statutory authority for the Legislative Fiscal Division is found in The Legislative Finance Act, Title 5, Chapter 12, MCA. The function of the Legislative Audit Division is constitutionally required, with principal statutory authority in The Legislative Audit Act, Title 5, Chapter 13, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 124.77 | 0.20 | 0.00 | 124.97 | 0.20 | 0.00 | 130.14 |
| Personal Services | 7,131,990 | 8,378,995 | 13,518 | 15,524,503 | (7,131,990) | 0 | 0 |
| Operating Expenses | 1,916,296 | 3,119,681 | 240,888 | 5,276,865 | (1,916,296) | 0 | 0 |
| Equipment | 98,375 | 69,625 | 0 | 168,000 | (98,375) | 0 | 0 |
| Total Costs | \$9,146,661 | \$11,568,301 | \$254,406 | \$20,969,368 | (\$9,146,661) | \$0 | \$0 |
| General Fund | 7,055,185 | 9,446,485 | 254,406 | 16,756,076 | (7,055,185) | 0 | 0 |
| State/Other Special | 2,091,476 | 2,121,816 | 0 | 4,213,292 | (2,091,476) | 0 | 0 |
| Total Funds | \$9,146,661 | \$11,568,301 | \$254,406 | \$20,969,368 | (\$9,146,661) | \$0 | \$0 |

In accordance with 17-7-122, MCA, the budget for the Legislative Branch is presented as submitted with no changes.

Legislative Branch-1104

Legislative Services-20



Program Description - The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services; legal counseling on legislative matters and agency legal support; 4) agency management and business services; 5) planning, installation and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; 9) broadcasting of legislative activities; and 10) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | \$0.80 | 0.20 | 0.00 | \$1.00 | 0.20 | 0.00 | \$56.17 | |
| Personal Services | 2,984,223 | 3,648,665 | 0 | 6,632,888 | (2,984,223) | 0 | 0 | |
| Operating Expenses | 1,445,739 | 2,457,475 | 120,000 | 4,023,214 | (1,445,739) | 0 | 0 | |
| Equipment | 98,375 | 69,625 | 0 | 168,000 | (98,375) | 0 | 0 | |
| Total Costs | \$4,528,337 | \$6,175,765 | \$120,000 | \$10,824,102 | (\$4,528,337) | \$0 | \$0 | |
| General Fund | 3,708,761 | 5,757,581 | 120,000 | 9,586,342 | (3,708,761) | 0 | 0 | |
| State/Other Special | 819,576 | 418,184 | 0 | 1,237,760 | (819,576) | 0 | 0 | |
| Total Funds | \$4,528,337 | \$6,175,765 | \$120,000 | \$10,880,942 | (\$4,528,337) | \$0 | \$0 | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,635,074 | \$5,227,857 |
| FY07 | (\$4,975,992) | (\$4,326,682) |

PL- 1 - LSD Biennial Program Operations -

The Legislative Branch business cycle is biennial; therefore the entire budget is presented in the first year. Decreases from base relate to preparation and publication of the Montana Codes Annotated and other legislative publications. Increases to base relate to legislative session costs including temporary staff, printing, and office supplies. During the 2005 biennium, the branch equipment and software replacement cycle was deferred due to reductions of approximately \$1 million during the 2003 session. Resumption of the replacement cycle is included in present law adjustments.

Legislative Branch-1104 Legislative Services-20

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$158,000 | \$158,000 |
| FY07 | \$0 | \$0 |

PL- 2 - Audio Recordings as Committee Minutes -

The Legislative Branch produces and retains minutes of session committee hearings. Phased replacement of labor-intensive written summary committee minutes with audio recordings continues into the 2007 biennium. Committee proceedings will also broadcast to the Internet and be archived and made available on-line. Personal services savings recognized during the 2003 and 2005 sessions by the House and Senate are again expected during the 2007 session. While savings are recognized within HB 1, the "Feed Bill", responsibility for technological support of the House and Senate rests with the Legislative Services Division in HB 2.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 12 - Increase Branch Personnel Services FTE -

The 0.20 FTE in this decision package, when combined with an existing 0.80 FTE, will establish a full-time position to provide in-house personnel services to the Legislative Branch. The Legislative Council approved funding for this position during the 2005 biennium in June 2004. This decision package requests no funding.

-----New Proposals-----

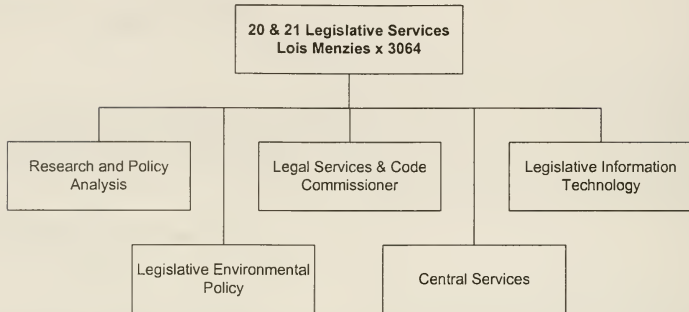
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$120,000 | \$120,000 |
| FY07 | \$0 | \$0 |

NP- 3 - Disaster Recovery and Security Plans -

The Legislative Branch Computer Systems Planning Council, established in Title 5, MCA, is required to develop a comprehensive branch computer system plan. The 2007 biennium computer system plan recognizes the Legislative Branch does not have disaster recovery or security plans in place for recovering mission-critical systems in the case of a disaster. This proposal uses contracted services for development and initial implementation of disaster recovery and security plans, with ongoing maintenance assumed within existing funding.

Legislative Branch-1104

Legislative Committees & Activities-21



Program Description - The Legislative Committees and Activities Program processes and monitors the expenditures of various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 0.97 | 0.00 | 0.00 | 0.97 | 0.00 | 0.00 | 0.97 | |
| Personal Services | 54,584 | 72,546 | 13,518 | 140,648 | (54,584) | 0 | 0 | |
| Operating Expenses | 277,858 | 358,835 | 120,888 | 757,581 | (277,858) | 0 | 0 | |
| Total Costs | \$332,442 | \$431,381 | \$134,406 | \$898,229 | (\$332,442) | \$0 | \$0 | |
| General Fund | 332,442 | 431,381 | 134,406 | 898,229 | (332,442) | 0 | 0 | |
| Total Funds | \$332,442 | \$431,381 | \$134,406 | \$898,229 | (\$332,442) | \$0 | \$0 | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$411,606 | \$411,606 |
| FY07 | (\$352,266) | (\$352,266) |

PL- 4 - Committees & Activities Biennial Operations -

The budget, presented as a biennial appropriation in the first year, provides funding for the Legislative Council, Environmental Quality Council, and eight interim committees. Each committee's 2005 Biennium budget was reduced; sufficient funding is provided for each committee to complete its statutory tasks. The Legislative Council is required to facilitate participation of the state as a member of appropriate interstate entities. Montana is a member of the National Conference of State Legislatures, National Conference of Commissioners on Uniform State Laws, and Council of State Governments. Funding for dues and NCCUSL participation is included.

Legislative Branch-1104

Legislative Committees & Activities-21

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$44,754 | \$44,754 |
| FY07 | \$0 | \$0 |

NP- 5 - Participation, Pacific Northwest Economic Region -

Title 5, Chapter 11, part 7, MCA, defines Montana's agreement with the Pacific Northwest Economic Region (PNWER), an international organization promoting greater regional collaboration among the states of Alaska, Idaho, Montana, Oregon, and Washington, the provinces of Alberta and British Columbia, and the Yukon Territory. Statute also defines procedures for the appointment and compensation of delegates. The 2001 and 2003 legislatures did not fund Montana's participation in PNWER. A budget of \$44,754 represents payment of \$30,000 for Montana's dues and participation of four delegates once each fiscal year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$79,652 | \$79,652 |
| FY07 | \$0 | \$0 |

NP- 6 - Participation, NCSL and CSG -

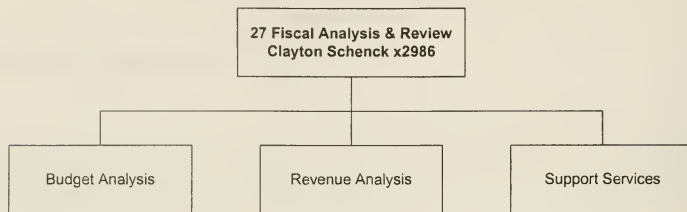
Montana is a member of two interstate organizations: National Conference of State Legislatures (NCSL) and the Council of State Governments (CSG). This proposal allows for participation of eight delegates in each of three NCSL conferences over the biennium for a cost of \$40,306 (\$1,679 per delegate) and the participation of eight delegates in each of three CSG conferences over the biennium for a cost of \$39,346 (\$1,639 per delegate).

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$10,000 |
| FY07 | \$0 | \$0 |

NP- 7 - Legislative Council on River Governance -

The Legislative Council on River Governance is comprised of legislators from Montana, Oregon, Idaho, and Washington. The council mission is to assert state legislative authority over natural resources and river governance issues and to unite states for a proactive agenda of legislative action. In 2001, the legislature approved a one-time appropriation of \$10,000 for legislator participation in council meetings and activities during the 2003 biennium. Funding for participation during the 2005 biennium was eliminated from the budget during the appropriation process. This proposal provides funding for Montana's four members to participate in council meetings during the 2007 biennium.

Legislative Branch-1104 Fiscal Analysis & Review-27



Program Description - The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 18.50 | 0.00 | 0.00 | 18.50 | 0.00 | 0.00 | 18.50 |
| Personal Services | 1,130,237 | 1,329,558 | 0 | 2,459,795 | (1,130,237) | 0 | 0 |
| Operating Expenses | 40,574 | 83,570 | 0 | 124,144 | (40,574) | 0 | 0 |
| Total Costs | \$1,170,811 | \$1,413,128 | \$0 | \$2,583,939 | (\$1,170,811) | \$0 | \$0 |
| General Fund | 1,170,811 | 1,413,128 | 0 | 2,583,939 | (1,170,811) | 0 | 0 |
| Total Funds | \$1,170,811 | \$1,413,128 | \$0 | \$2,583,939 | (\$1,170,811) | \$0 | \$0 |

-----Present Law Adjustments-----

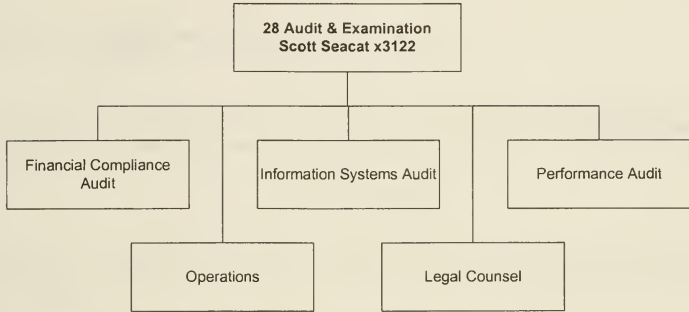
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,312,797 | \$1,312,797 |
| FY07 | (\$1,267,797) | (\$1,267,797) |

PL- 8 - LFD Biennial Operations -

The Legislative Branch business is biennial; therefore the entire budget is presented in the first year. Increases to base total \$45,000 in the categories of temporary services, printing and photocopy, and office supplies, and are due to cyclical legislative session costs which are not captured in the base year.

Legislative Branch-1104

Audit & Examination-28



Program Description - The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Audit Committee provides policy guidance to the Legislative Audit Division.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 54.50 | 0.00 | 0.00 | 54.50 | 0.00 | 0.00 | 54.50 |
| Personal Services | 2,962,946 | 3,328,226 | 0 | 6,291,172 | (2,962,946) | 0 | 0 |
| Operating Expenses | 152,125 | 219,801 | 0 | 371,926 | (152,125) | 0 | 0 |
| Total Costs | \$3,115,071 | \$3,548,027 | \$0 | \$6,663,098 | (\$3,115,071) | \$0 | \$0 |
| General Fund | 1,843,171 | 1,844,395 | 0 | 3,687,566 | (1,843,171) | 0 | 0 |
| State/Other Special | 1,271,900 | 1,703,632 | 0 | 2,975,532 | (1,271,900) | 0 | 0 |
| Total Funds | \$3,115,071 | \$3,548,027 | \$0 | \$6,663,098 | (\$3,115,071) | \$0 | \$0 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,301,286 | \$1,896,065 |
| FY07 | (\$3,299,452) | (\$1,894,983) |

PL- 9 - LAD Biennial Operations -

The Legislative Branch business cycle is biennial; therefore the entire budget is presented in the first year. No base increases or decreases, other than statewide present law adjustments, are reflected.

Legislative Branch-1104

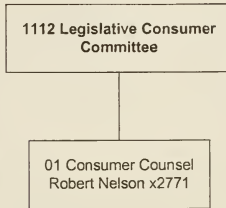
Audit & Examination-28

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$59,000 | \$33,240 |
| FY07 | \$0 | \$0 |

PL- 10 - LAD Cyclical Adjustments -

Changes from the adjusted base include cyclical costs associated with a Peer Review required by Government Auditing Standards, on-site audit training costs, and contract services for the use of actuary expertise on audits of retirement systems.

Consumer Counsel-1112 Administration Program-01



Mission Statement - To represent the utility and transportation consuming public of the State of Montana in hearings before the Public Service Commission or any other successor agency, and before state and federal courts and administrative agencies.

Statutory Authority - Article XIII, Section 2, 1972 Montana Constitution
Title 5, Chapter 15 MCA and
Title 69, Chapters 1 and 2 MCA

Program Description - The Office of the Consumer Counsel is charged with the duty of representing consumer interests in hearings before the Public Service Commission or any other successor agency. The agency also may initiate, intervene in, or participate in appropriate proceedings in the court systems or administrative agencies on behalf of the public of Montana.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.04 | 0.00 | 0.00 | 5.04 | 0.00 | 0.00 | 5.04 |
| Personal Services | 410,889 | 11,104 | 0 | 421,993 | 12,608 | 0 | 423,497 |
| Operating Expenses | 886,194 | 69,329 | 0 | 955,523 | 81,014 | 0 | 967,208 |
| Total Costs | \$1,297,083 | \$80,433 | \$0 | \$1,377,516 | \$93,622 | \$0 | \$1,390,705 |
| State/Other Special | 1,297,083 | 80,433 | 0 | 1,377,516 | 93,622 | 0 | 1,390,705 |
| Total Funds | \$1,297,083 | \$80,433 | \$0 | \$1,377,516 | \$93,622 | \$0 | \$1,390,705 |

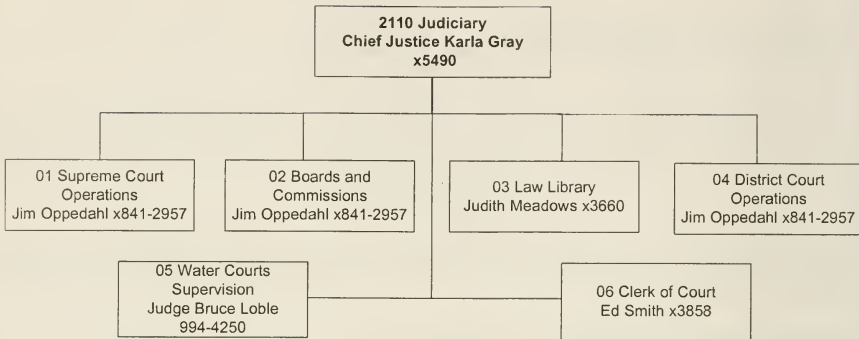
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$65,322 | \$0 |
| FY07 | \$76,998 | \$0 |

PL- 1 - Present Law Base Adjustments -

This present law budget increase includes \$30,646 per year to restore the contingency appropriation to \$250,000. The request also includes \$34,676 in FY 2006 and \$46,352 in FY 2007 for increases in professional services and miscellaneous expenses.

Judiciary-2110



Mission Statement - The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all Montana courts, and rule making for those courts.

Statutory Authority - Article III, Section 1, and Article VII, Montana Constitution; Title 3, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 374.68 | (19.00) | 6.45 | 362.13 | (19.00) | 6.45 | 362.13 |
| Personal Services | 20,667,511 | 891,028 | 263,617 | 21,822,156 | 207,735 | 263,328 | 21,138,574 |
| Operating Expenses | 12,040,075 | 1,640,577 | 2,517,055 | 16,197,707 | 1,990,625 | 1,072,393 | 15,103,093 |
| Equipment | 303,670 | 17,310 | 0 | 320,980 | 25,965 | 0 | 329,635 |
| Grants | 535,058 | (535,058) | 0 | 0 | (535,058) | 0 | 0 |
| Total Costs | \$33,546,314 | \$2,013,857 | \$2,780,672 | \$38,340,843 | \$1,689,267 | \$1,335,721 | \$36,571,302 |
| General Fund | 31,031,278 | 2,098,083 | 2,780,672 | 35,910,033 | 2,417,111 | 1,335,721 | 34,784,110 |
| State/Other Special | 2,378,886 | (640,586) | 0 | 1,738,300 | (1,284,004) | 0 | 1,094,882 |
| Federal Special | 136,150 | 556,360 | 0 | 692,510 | 556,160 | 0 | 692,310 |
| Total Funds | \$33,546,314 | \$2,013,857 | \$2,780,672 | \$38,340,843 | \$1,689,267 | \$1,335,721 | \$36,571,302 |

Judiciary-2110

As required by 17-7-122(3), MCA, the 2007 biennium budget requested by the Judicial Branch is presented in the Executive Budget in Table A-1 on the next page. This exhibit also shows the Executive's recommendation, which is \$7,826,570 lower than what was requested. Listed in the table are those requests that were denied, changed or added by the Executive. The major differences are the denial of the general fund Information Technology request of \$4.8 million "for the biennium," the denial of the restoration of and then the addition of the Statewide FTE Reduction, which amounts to \$1.02 million general fund for the biennium. Another difference is the Executive's adjustment of Judiciary's fixed costs to match what was allocated by the OBPP, which accounts for approximately \$558,000 for the biennium. Also, the Executive adjusted the Juvenile Probation – JDIP request for \$2,048 million in state special revenue for the biennium. This will instead be a request for a language appropriation in HB 2. The balance of the difference can be seen in the exhibit below.

The Judiciary has requested \$950,000 general fund per year to pay for forensic psychiatric evaluations when a defendant is committed to the Montana State Hospital at Warm Springs under a district court order to determine the fitness of that individual to proceed in a criminal case against that individual. These evaluations were not previously billed for, but due to an audit finding the DPHHS must bill for these evaluations. As this money is received by DPHHS it will be deposited directly into the general fund, thus creating a net zero effect to the general fund balance. The Executive has increased this request by \$50,000 per year to ensure adequate spending authority. The Executive is carrying an identical revenue estimate for the requested \$1 million per year for the general fund.

The Executive has also funded two one-time-only general fund requests that were not included in the original Judiciary submission. The first is \$75,000 general fund to perform a District Court Judge workload assessment study. The second is \$1.345 million general fund to allow the Judiciary to complete the implementation of court case management software in Courts of Limited Jurisdiction and District Courts.

Judiciary-2110

Table A-1

Judicial Branch Budget Request Compared to Executive Recommended Budget

| BIENNIAL AMOUNTS FY 2006 & FY 2007 | | | | |
|---|---------------|-------------------|----------------|-----------------|
| Branch | OBPP | OBPP Over/(Under) | | |
| Branch Wide | Submission | Recommended | Submission | |
| FTE | 389.13 | 363.13 | (26.00) | |
| Personal Services | \$ 46,407,627 | \$ 42,960,730 | \$ (3,446,897) | |
| Operating Costs | 35,680,473 | 31,300,800 | (4,379,673) | |
| Equipment | 650,615 | 650,615 | - | |
| Grants | - | - | - | |
| TOTAL | \$ 82,738,715 | \$ 74,912,145 | \$ (7,826,570) | |
| Funding | | | | |
| General Fund | 76,471,375 | 70,694,143 | \$ (5,777,232) | |
| State/Other Special | 4,881,868 | 2,833,182 | (2,048,686) | |
| Federal | 1,385,472 | 1,384,820 | (652) | |
| TOTAL | \$ 82,738,715 | \$ 74,912,145 | \$ (7,826,570) | |
| ITEMS THAT DIFFER FROM JUDICIARY REQUESTS | | | | |
| | FTE | FY 2006 | FY 2007 | TOTAL REDUCTION |
| Pro Se Law Clerk | (1.00) | (52,646) | (49,326) | \$ (101,972.00) |
| Min. Standards - Judicial Support Staff | (4.00) | \$ (111,974) | \$ (111,848) | (223,822) |
| Judicial Education | | (115,000) | (115,000) | (230,000) |
| Workload Assessment Study | | 75,000 | | 75,000 |
| Purchase Software Licenses | | 1,345,000 | | 1,345,000 |
| Information Technology | (17.00) | (2,234,259) | (2,572,999) | (4,807,258) |
| Juvenile Probation - JDIP | | (999,359) | (1,049,327) | (2,048,686) |
| DC/JPO/CR Furniture and Equipment | | (19,051) | (19,051) | (38,102) |
| Unfit To Proceed | | 50,000 | 50,000 | 100,000 |
| Equalization | | (155,000) | (141,300) | (296,300) |
| Reverted Appropriation Authority - Variable | | (233,661) | 213,101 | (20,560) |
| Restore Statewide FTE Reduction | | (255,458) | (255,458) | (510,916) |
| ADDED By OBPP : Statewide FTE Reduction | (5.00) | (255,458) | (255,458) | (510,916) |
| Fixed Costs Reduction | | (279,019) | (279,019) | (558,038) |
| TOTAL | (22.00) | \$ (3,240,885) | \$ (4,585,685) | \$ (7,826,570) |

Judiciary-2110

Supreme Court Operations-01

01 Supreme Court Operations
Jim Oppedahl x841-2957

Program Description - The Supreme Court has appellate jurisdiction for the State of Montana. It has original jurisdiction to issue, hear, and determine writs of habeas corpus and other such writs as may be provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, admissions to the bar, and the conduct of its members. The Supreme Court consists of a Chief Justice and six justices. The Supreme Court also administers the federal court assessment program and the court-appointed special advocate program.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 52.00 | (14.00) | 1.50 | 39.50 | (14.00) | 1.50 | 39.50 |
| Personal Services | 3,088,183 | (459,221) | 83,461 | 2,712,423 | (460,896) | 83,370 | 2,710,657 |
| Operating Expenses | 1,123,215 | 83,928 | 1,448,935 | 2,656,078 | 48,928 | 22,393 | 1,194,536 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 535,058 | (535,058) | 0 | 0 | (535,058) | 0 | 0 |
| Total Costs | \$4,746,456 | (\$910,351) | \$1,532,396 | \$5,368,501 | (\$947,026) | \$105,763 | \$3,905,193 |
| General Fund | 3,102,822 | 390,773 | 1,532,396 | 5,025,991 | 354,298 | 105,763 | 3,562,883 |
| State/Other Special | 1,507,484 | (1,357,484) | 0 | 150,000 | (1,357,484) | 0 | 150,000 |
| Federal Special | 136,150 | 56,360 | 0 | 192,510 | 56,160 | 0 | 192,310 |
| Total Funds | \$4,746,456 | (\$910,351) | \$1,532,396 | \$5,368,501 | (\$947,026) | \$105,763 | \$3,905,193 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,369,312) | \$0 |
| FY07 | (\$1,368,109) | \$0 |

PL- 4 - Eliminate District Court Automation Program -

Provisions in 3-1-317, MCA authorized a \$10 user surcharge on certain court case filings. The amounts collected are used to provide state funding of court information technology. This statute is temporary and terminates June 30, 2005. This decision package is necessary to eliminate the existing budget for the information technology program since the funding for the program will no longer exist. The Judiciary will be proposing legislation to restore this program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$66,279 | \$0 |
| FY07 | \$66,354 | \$0 |

PL- 5 - Court Assessment/CASA -

This proposal provides about \$66,000 federal funds per year to continue the Court Assessment Program (CAP) and the Court Appointed Special Advocate Program (CASA). The Court Assessment program provides for the evaluation of the effectiveness of child abuse and neglect proceedings within the Montana legal system. This program is funded 75% federal funds and 25% general fund. The CASA program is a statewide federal program that provides for court appointed special advocates to represent youth in child abuse and neglect proceedings.

Judiciary-2110

Supreme Court Operations-01

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$112,396 | \$112,396 |
| FY07 | \$105,763 | \$105,763 |

NP- 2 - Appellate Mediator -

This Judiciary requests about \$218,000 general fund and 1.50 FTE for the biennium for an appellate mediator. Montana is one of nine states that does not have an intermediate appellate court. Thus, although Montana is a sparsely populated state, the Court has a very heavy workload with each Justice writing over 50 written opinions per year-well in excess of the national average for an appellate court.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$75,000 | \$75,000 |
| FY07 | \$0 | \$0 |

NP- 4 – Workload Assessment Study –RST/OTO -

This proposal provides \$75,000 general fund to the Supreme Court in FY 2006 to perform a workload assessment study of District Court judges and staff. The request is one-time-only, restricted, and biennial.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,345,000 | \$1,345,000 |
| FY07 | \$0 | \$0 |

NP- 5 Purchase Software Licenses –RST/OTO -

The Executive recommends a one-time-only, restricted, and biennial appropriation to purchase initial software application licenses for District Courts and the remaining Courts of Limited Jurisdiction. The court software, called "JSI-FullCourt Case Management System" has already been rolled out successfully in 86 Courts of Limited Jurisdiction and no District Courts.

Judiciary-2110

Boards and Commissions-02

02 Boards and Commissions
Jim Oppedahl x841-2957

Program Description - The Boards and Commissions Program oversees functions assigned to the Supreme Court either by legislative or constitutional mandate. The program manages judicial discipline, rules, and other substantive matters aimed at improving and maintaining the administration of justice. Commissions and boards included in the program are the Judicial Standards Commission; Sentence Review Commission; Commission on Practice; Commission on Courts of Limited Jurisdiction; and the Judicial Nominations Commission.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 3.00 | 0.00 | 0.00 | 3.00 | 0.00 | 0.00 | 3.00 |
| Personal Services | 79,543 | 39,501 | 0 | 119,044 | 39,326 | 0 | 118,869 |
| Operating Expenses | 135,657 | 24,043 | 0 | 159,700 | (952) | 0 | 134,705 |
| Total Costs | \$215,200 | \$63,544 | \$0 | \$278,744 | \$38,374 | \$0 | \$253,574 |
| General Fund | 215,200 | 38,544 | 0 | 253,744 | 13,374 | 0 | 228,574 |
| State/Other Special | 0 | 25,000 | 0 | 25,000 | 25,000 | 0 | 25,000 |
| Total Funds | \$215,200 | \$63,544 | \$0 | \$278,744 | \$38,374 | \$0 | \$253,574 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$25,000 |
| FY07 | \$0 | \$0 |

PL- 2 - Judicial Standards Investigations - Rest/Biennial -

This proposal provides a \$25,000 restricted, biennial, general fund appropriation for the constitutionally mandated Judicial Standards Commission that investigates complaints and makes recommendations regarding the conduct of judicial officers. If approved, this funding could only be used to pay for the investigations of complaints against judges. If the costs are not incurred, the funds will revert to the general fund.

Judiciary-2110 Law Library-03

03 Law Library
Judith Meadows x3660

Program Description - The State Law Library houses reference materials used by the Supreme Court, lower courts, the Legislature, state officers and employees, members of the bar, and the general public. The collection includes legal materials from the federal government and all 50 states, as well as Canada. Some of the books and materials contained in the library include treatises, law reviews, reports, microfilm, and audio/video tapes for continuing legal education. Access to much of the information is also provided from the library's Internet site. The State Law Library is governed by a Board of Trustees which consists of the Supreme Court justices.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 7.50 | 0.00 | 0.00 | 7.50 | 0.00 | 0.00 | 7.50 |
| Personal Services | 333,852 | 26,123 | 0 | 359,975 | 25,764 | 0 | 359,616 |
| Operating Expenses | 131,447 | (450) | 0 | 130,997 | (449) | 0 | 130,998 |
| Equipment | 303,670 | 17,310 | 0 | 320,980 | 25,965 | 0 | 329,635 |
| Total Costs | \$768,969 | \$42,983 | \$0 | \$811,952 | \$51,280 | \$0 | \$820,249 |
| General Fund | 768,969 | 42,983 | 0 | 811,952 | 51,280 | 0 | 820,249 |
| Total Funds | \$768,969 | \$42,983 | \$0 | \$811,952 | \$51,280 | \$0 | \$820,249 |

Judiciary-2110

District Court Operations-04

04 District Court Operations
Jim Oppedahl x841-2957

Program Description - District courts are general jurisdiction trial courts having original jurisdiction in all criminal felony cases, civil matters, and cases of law. The 57th Legislature mandated state funding of Montana District Courts with general fund revenue. The change to state funding made District Courts part of the Judicial Branch of state government and made the Supreme Court responsible for the management of District Court costs and operations.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 295.68 | (5.00) | 4.95 | 295.63 | (5.00) | 4.95 | 295.63 |
| Personal Services | 16,262,315 | 1,179,787 | 180,156 | 17,622,258 | 500,607 | 179,958 | 16,942,880 |
| Operating Expenses | 10,509,709 | 1,532,876 | 1,068,120 | 13,110,705 | 1,941,926 | 1,050,000 | 13,501,635 |
| Total Costs | \$26,772,024 | \$2,712,663 | \$1,248,276 | \$30,732,963 | \$2,442,533 | \$1,229,958 | \$30,444,515 |
| General Fund | 26,573,578 | 1,614,999 | 1,248,276 | 29,436,853 | 1,987,417 | 1,229,958 | 29,790,953 |
| State/Other Special | 198,446 | 597,664 | 0 | 796,110 | (44,884) | 0 | 153,562 |
| Federal Special | 0 | 500,000 | 0 | 500,000 | 500,000 | 0 | 500,000 |
| Total Funds | \$26,772,024 | \$2,712,663 | \$1,248,276 | \$30,732,963 | \$2,442,533 | \$1,229,958 | \$30,444,515 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$34,495 | \$34,495 |
| FY07 | \$0 | \$0 |

PL- 6 - Court Recording Equipment -

This proposal provides \$34,495 of general fund in FY 2006 for court recording equipment. A court recording system costs about \$10,000. Three systems would be purchased for a three county district. This proposal also provides \$4,495 to purchase real-time equipment and software.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,414 | \$8,414 |
| FY07 | \$8,414 | \$8,414 |

PL- 4302 - Annualize Motor Pool Lease Costs - JPOs -

The request provides \$8,414 general fund per year to annualize the cost of motor pool leases for Juvenile Probation Officers. Leasing vehicles through the state motor pool is the most cost effective method to provide transportation for JPOs. Some of the Juvenile Probation Officers did not have a leased vehicle the entire year, therefore, the expenditures must be annualized. This proposal provides funding for four JPO vehicles.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,543 | \$10,543 |
| FY07 | \$10,543 | \$10,543 |

PL- 4303 - Annualize Motor Pool Lease Costs - DC Judges -

This request includes \$10,543 general fund each year to annualize the cost of motor pool leases for District Court judges. Leasing vehicles through the state motor pool is the most cost effective method to provide transportation for these judges. The eight leases had not been in effect the entire year.

Judiciary-2110

District Court Operations-04

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$642,548 | \$0 |
| FY07 | \$0 | \$0 |

PL- 4510 - Authority for County Paid Annual & Sick Leave -

This proposal provides \$642,548 of state special revenue authority in this biennial request to be used for annual leave and sick leave payouts for former county employees that leave the judicial branch. These payouts are funded by county payments to the state.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$838,958 | \$838,958 |
| FY07 | \$1,282,392 | \$1,282,392 |

PL- 4511 - Restore Variable Cost Funding that was OTO -

This proposal provides for \$838,958 in FY 2006 and \$1,282,392 in FY 2007 of general fund for district court variable costs. The 2003 Legislature provided up to \$1,800,000 of authority for district court expenses to be funded with general fund reverted appropriations branch wide. This request adds this funding back to the base, which was understated by the requested amount due to the fact that the funding was not ongoing.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$500,000 | \$0 |
| FY07 | \$500,000 | \$0 |

PL- 4512 - Misc. Federal Grants -

This decision package requests \$500,000 of federal appropriation authority per year for various federal grants. Currently, some counties continue to administer federal grants for the youth courts. The Legislative Auditors have indicated that these activities should be recorded on the state accounting system. Currently, there is approximately \$593,000 of federal activity so this request is merely an estimate of the federal grant amounts.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$153,562 | \$0 |
| FY07 | \$153,562 | \$0 |

PL- 4516 - Youth Courts-Community Programs/Video Conferencing -

The proposal provides \$153,562 per year of state special revenue authority for fees collected in Youth Courts and for Video Conferencing services. Youth Courts collect monies from youths for costs of treatment and counseling. The previous legislature authorized \$150,000 per year but only \$71,438 was spent so this proposal requests the additional \$78,562 of authority. The branch also requests \$75,000 per year of authority for video conferencing services. The branch charges attorneys and others to use video conferencing equipment. The fees collected will be used to operate and maintain the equipment.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$255,458) | (\$255,458) |
| FY07 | (\$255,458) | (\$255,458) |

PL- 9904 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 5.00 FTE and \$255,458 general fund per year are removed from the budget permanently.

Judiciary-2110

District Court Operations-04

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$198,276 | \$198,276 |
| FY07 | \$179,958 | \$179,958 |

NP- 1 - Min. Standards - Judicial Support Staff -

This proposal provides about \$378,000 general fund for 4.95 FTE for the 2007 biennium. Currently, five judicial districts in the state do not have the minimum level of staffing which is one judicial assistant, one law clerk, and one court reporter per judge. Lack of support staff forces judges to do all of their own scheduling, research and administrative tasks which reduces the efficiency of the judicial process.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$50,000 |
| FY07 | \$50,000 | \$50,000 |

NP- 10 - Judicial Education - Rest. Biennial -

Judicial education is an essential component of an effective, efficient and well-rounded judiciary. This proposal provides \$100,000 of general fund over the biennium for judicial education. This request is for a restricted biennial appropriation.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,000,000 | \$1,000,000 |
| FY07 | \$1,000,000 | \$1,000,000 |

NP- 4515 - Unfit to Proceed Costs -

This proposal provides \$1,000,000 per year of general fund to pay for forensic psychiatric evaluations when a defendant is committed to the Montana State Hospital at Warm Springs under a district court order to determine the fitness of that individual to proceed in a criminal case against that individual. These funds will flow directly back into the general fund through the Department of Public Health and Human Services.

Language Recommendations -

"There is a state special revenue fund in the Judiciary established for the purpose of expending Juvenile Placement funds from the Department of Corrections. There is appropriated to the Judiciary up to \$2.25 million state special revenue for the 2007 biennium to spend surplus Juvenile Placement funds received from Department of Corrections. In accordance with the agreement between the two departments, the funds may be spent up to two years following the year in which they were transferred."

Judiciary-2110 Water Courts Supervision-05

05 Water Courts Supervision
Judge Bruce Loble x586-4364

Program Description - The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana and supervises the distribution of water among the four water divisions of the state, as defined in 3-7-102, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 11.00 | 0.00 | 0.00 | 11.00 | 0.00 | 0.00 | 11.00 |
| Personal Services | 568,454 | 94,239 | 0 | 662,693 | 93,369 | 0 | 661,823 |
| Operating Expenses | 104,502 | (5) | 0 | 104,497 | (5) | 0 | 104,497 |
| Total Costs | \$672,956 | \$94,234 | \$0 | \$767,190 | \$93,364 | \$0 | \$766,320 |
| State/Other Special | 672,956 | 94,234 | 0 | 767,190 | 93,364 | 0 | 766,320 |
| Total Funds | \$672,956 | \$94,234 | \$0 | \$767,190 | \$93,364 | \$0 | \$766,320 |

Judiciary-2110 Clerk Of Court-06

**06 Clerk of Court
Ed Smith x3858**

Program Description - The Clerk of Court Program performs support and operational duties for the Supreme Court, as outlined in Title 3, Chapter 2, part 4, MCA. The program keeps the court records and files, issues writs and certificates, approves bonds, files all papers and transcripts, and performs other duties as required.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.50 | 0.00 | 0.00 | 5.50 | 0.00 | 0.00 | 5.50 |
| Personal Services | 335,164 | 10,599 | 0 | 345,763 | 9,565 | 0 | 344,729 |
| Operating Expenses | 35,545 | 185 | 0 | 35,730 | 1,177 | 0 | 36,722 |
| Total Costs | \$370,709 | \$10,784 | \$0 | \$381,493 | \$10,742 | \$0 | \$381,451 |
| General Fund | 370,709 | 10,784 | 0 | 381,493 | 10,742 | 0 | 381,451 |
| Total Funds | \$370,709 | \$10,784 | \$0 | \$381,493 | \$10,742 | \$0 | \$381,451 |

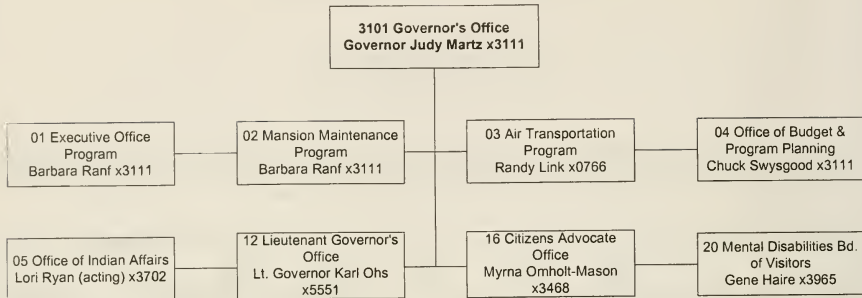
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$991 | \$991 |
| FY07 | \$1,982 | \$1,982 |

PL- 6001 - Records Storage -

The Clerk of Court estimates that, with the current storage backlog (files from 2001 and 2002) and what will accrue over the next biennium (records for 2003 and 2004), the office will incur the need to store approximately 560 additional boxes of information at the Records Management facility. The Executive recommends the clerk's request for \$991 for FY 2006 and \$1,982 for FY 2007 for a total of \$2,973 general fund in the 2007 biennium.

Governor's Office-3101

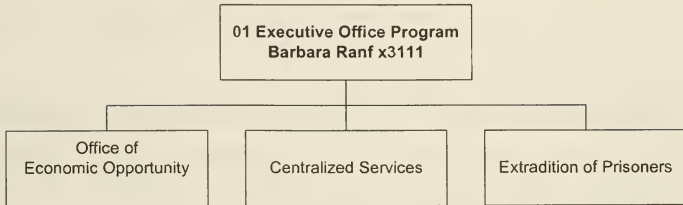


Mission Statement - To oversee and direct the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana.

Statutory Authority - Primary authority is Article VI, Montana Constitution

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 60.00 | (1.43) | 1.00 | 59.57 | (1.43) | 1.00 | 59.57 |
| Personal Services | 2,925,593 | 534,328 | 94,807 | 3,554,728 | 526,474 | 94,513 | 3,546,580 |
| Operating Expenses | 1,456,701 | 156,969 | 5,193 | 1,618,863 | 37,687 | 5,487 | 1,499,875 |
| Grants | 0 | 9,789,803 | 0 | 9,789,803 | 0 | 0 | 0 |
| Total Costs | \$4,382,294 | \$10,481,100 | \$100,000 | \$14,963,394 | \$564,161 | \$100,000 | \$5,046,455 |
| General Fund | 4,226,670 | 505,919 | 100,000 | 4,832,589 | 444,236 | 100,000 | 4,770,906 |
| State/Other Special | 45,247 | 9,971,549 | 0 | 10,016,796 | 116,336 | 0 | 161,583 |
| Federal Special | 110,377 | 3,632 | 0 | 114,009 | 3,589 | 0 | 113,966 |
| Total Funds | \$4,382,294 | \$10,481,100 | \$100,000 | \$14,963,394 | \$564,161 | \$100,000 | \$5,046,455 |

Governor's Office-3101 Executive Office Program-01



Program Description - The Executive Office Program aids the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, and press support and provides centralized services for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. Special programs include the Office of Economic Opportunity, which was created to strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 25.00 | (0.37) | 1.00 | 25.63 | (0.37) | 1.00 | 25.63 |
| Personal Services | 1,231,191 | 290,235 | 94,807 | 1,616,233 | 286,336 | 94,513 | 1,612,040 |
| Operating Expenses | 993,697 | 113,284 | 5,193 | 1,112,174 | (2,741) | 5,487 | 996,443 |
| Grants | 0 | 9,789,803 | 0 | 9,789,803 | 0 | 0 | 0 |
| Total Costs | \$2,224,888 | \$10,193,322 | \$100,000 | \$12,518,210 | \$283,595 | \$100,000 | \$2,608,483 |
| General Fund | 2,224,888 | 196,526 | 100,000 | 2,521,414 | 142,012 | 100,000 | 2,466,900 |
| State/Other Special | 0 | 9,996,796 | 0 | 9,996,796 | 141,583 | 0 | 141,583 |
| Total Funds | \$2,224,888 | \$10,193,322 | \$100,000 | \$12,518,210 | \$283,595 | \$100,000 | \$2,608,483 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$40,736 | \$40,736 |
| FY07 | \$21,641 | \$21,641 |

PL- 1 - Computer Replacement Schedule -

The budget includes general fund in the amount \$40,736 in FY 2006 and \$21,641 in FY 2007 for computer replacement in all programs of the Governor's Office in accordance with the state-standard four year replacement cycle.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$9,854,803 | \$0 |
| FY07 | \$0 | \$0 |

PL- 2 HB 564 Spending Authority -

The Executive recommends this biennial state special revenue proposal of approximately \$9.85 million to support workforce development activities and to oversee the Workforce Training Act established by the 2003 Legislature in HB 564.

Governor's Office-3101

Executive Office Program-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$23,870) | (\$23,870) |
| FY07 | (\$23,793) | (\$23,793) |

PL- 3 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.37 FTE and approximately \$24,000 general fund per year are removed from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$77,535) | (\$77,535) |
| FY07 | (\$77,535) | (\$77,535) |

PL- 4 - Decrease Operating Expenses -

The Office of Economic Opportunity had unusual vacancies in FY 2004. In order to complete necessary work projects, the office instead contracted for services. This request will reduce operating expenditures related to those contracts by \$77,535 general fund each year of the biennium. Existing staff will work on these projects in the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$40,800 | \$40,800 |
| FY07 | \$40,800 | \$40,800 |

PL- 5 - Extradition of Prisoners -

In FY 2004, the extradition of prisoners program exceeded its budget authority by approximately \$40,000. The Jobs and Tax Relief funds received from the federal government funded this shortfall. The costs of this program are difficult to estimate because they are dependent upon requests from local governments to extradite prisoners from other states. This request adds \$40,800 general fund each year as the best estimate of the need for extraditions.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$15,000 | \$15,000 |
| FY07 | \$15,000 | \$15,000 |

PL- 6 - Executive Staff Operating Adjustments -

This request adds \$15,000 general fund authority in both years of the 2007 biennium for travel and operating adjustments to the Executive Office program. This will allow the new administration to have the same operating budget as the FY 2000 level, which represents a more historically typical level.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,000 | \$100,000 |
| FY07 | \$100,000 | \$100,000 |

NP- 7 - Board of Education Staff Person -

The Governor is the chairman of the Board of Education which is comprised of the members of the Board of Regents and the Board of Public Education. The constitution gives the "joint" Board of Education the responsibility for long-range planning, for coordinating and evaluating policies and programs for the state's educational systems, and for submitting a unified budget. The Board of Education has relied on the staff of the Governor's Office, the Board of Regents, the Office of Public Instruction and the Board of Public Education for any work it needs. This disjointed approach has led to a lack of coordination, direction, and follow through on Board of Education policies. This proposal adds 1.00 FTE to the Governor's Office staff for a Commissioner of Education for the Board of Education.

Governor's Office-3101 Mansion Maintenance Program-02

**02 Mansion Maintenance
Program
Barbara Ranf x3111**

Program Description - The Mansion Maintenance Program maintains the Governor's official residence.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 1.50 | 0.00 | 0.00 | 1.50 | 0.00 | 0.00 | 1.50 |
| Personal Services | 53,188 | (1,570) | 0 | 51,618 | (1,696) | 0 | 51,492 |
| Operating Expenses | 16,295 | 18,614 | 0 | 34,909 | 18,608 | 0 | 34,903 |
| Total Costs | \$69,483 | \$17,044 | \$0 | \$86,527 | \$16,912 | \$0 | \$86,395 |
| General Fund | 69,483 | 17,044 | 0 | 86,527 | 16,912 | 0 | 86,395 |
| Total Funds | \$69,483 | \$17,044 | \$0 | \$86,527 | \$16,912 | \$0 | \$86,395 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,500 | \$18,500 |
| FY07 | \$18,500 | \$18,500 |

PL- 1 - Mansion Operating Expenses -

The operating budget for the Governor's mansion is at an all time low. This request will restore the operating budget for the mansion to the FY 2000 level by adding \$18,500 general fund each year back into the budget. This budget level would accommodate a family in the mansion.

Governor's Office-3101

Air Transportation Program-03

03 Air Transportation Program
Randy Link x0766

Program Description - The Air Transportation Program provides the Governor with air transportation.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 1.00 | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 | 1.00 |
| Personal Services | 30,278 | 10,170 | 0 | 40,448 | 10,123 | 0 | 40,401 |
| Operating Expenses | 173,422 | 547 | 0 | 173,969 | 543 | 0 | 173,965 |
| Total Costs | \$203,700 | \$10,717 | \$0 | \$214,417 | \$10,666 | \$0 | \$214,366 |
| General Fund | 170,040 | 24,377 | 0 | 194,417 | 24,326 | 0 | 194,366 |
| State/Other Special | 33,660 | (13,660) | 0 | 20,000 | (13,660) | 0 | 20,000 |
| Total Funds | \$203,700 | \$10,717 | \$0 | \$214,417 | \$10,666 | \$0 | \$214,366 |

Governor's Office-3101

Office of Budget & Program Planning-04

04 Office of Budget & Program
Planning
Chuck Swysgood x3616

Program Description - The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's Executive Budget and in administering the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. The OBPP also acts as the lead executive branch agency for compliance with the federal Single Audit Act.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 20.00 | (1.00) | 0.00 | 19.00 | (1.00) | 0.00 | 19.00 |
| Personal Services | 1,034,136 | 153,630 | 0 | 1,187,766 | 151,410 | 0 | 1,185,546 |
| Operating Expenses | 135,419 | 17,978 | 0 | 153,397 | 14,563 | 0 | 149,982 |
| Total Costs | \$1,169,555 | \$171,608 | \$0 | \$1,341,163 | \$165,973 | \$0 | \$1,335,528 |
| General Fund | 1,169,555 | 171,608 | 0 | 1,341,163 | 165,973 | 0 | 1,335,528 |
| Total Funds | \$1,169,555 | \$171,608 | \$0 | \$1,341,163 | \$165,973 | \$0 | \$1,335,528 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$15,692) | (\$15,692) |
| FY07 | (\$15,641) | (\$15,641) |

PL- 4 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.36 FTE and approximately \$15,000 general fund per year are removed from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$32,082) | (\$32,082) |
| FY07 | (\$31,994) | (\$31,994) |

PL- 102 - Eliminate OBPP FTE / Broadband -

The Executive recommends a reduction of 0.64 FTE to fund the OBPP alternative pay plan adjustments of approximately \$64,076 general fund for the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$12,500 | \$12,500 |

PL- 104 - OBPP Session Costs -

The budget includes a request of \$12,500 in the second year of the biennium for costs association with cyclical printing of the Executive Budget.

**Governor's Office-3101
Office of Budget & Program Planning-04**

Language Recommendations –

"If the natural gas rates in the state's contract are greater than 18 percent higher than the FY 2004 rates in FY 2006 and 12 percent higher than the FY 2004 rates in FY 2007, or if the electricity default supplier rates are greater than 1 percent higher than the FY 2004 rates in FY 2006 and 2 percent higher than the FY 2004 rates in FY 2007, then OBPP is appropriated \$1.7 million general fund, \$920,000 state special revenue, and \$1,080,000 federal special revenue for the 2007 biennium. OBPP shall equitably distribute the funds to state agencies based upon each funds proportional share of the increased costs."

"OBPP is appropriated the amount of revenue deposited in the state general fund from state fund dividends by all agencies in the state up to a maximum of \$250,000 for the biennium. OBPP is appropriated the amount of state special revenue deposited in the state special fund from state fund dividends by all agencies in the state up to of a maximum of \$250,000 for the biennium. These appropriations are restricted to the purpose of reducing long-term expenditures on worker's comp insurance, providing a safer work environment, or offsetting increases in rates beyond approved budget levels. Appropriation transfers to agencies may only take place after the OBPP and Department of Administration Risk Management and Tort Defense, and the Montana State Fund approve a plan for expenditure."

Governor's Office-3101 Coordinator of Indian Affairs-05

**05 Office of Indian Affairs
Lori Ryan (acting) x3702**

Program Description - The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the legislative and executive branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 49,902 | 56,870 | 0 | 106,772 | 56,557 | 0 | 106,459 |
| Operating Expenses | 30,998 | (6,095) | 0 | 24,903 | (6,063) | 0 | 24,935 |
| Total Costs | \$80,900 | \$50,775 | \$0 | \$131,675 | \$50,494 | \$0 | \$131,394 |
| General Fund | 69,313 | 62,362 | 0 | 131,675 | 62,081 | 0 | 131,394 |
| State/Other Special | 11,587 | (11,587) | 0 | 0 | (11,587) | 0 | 0 |
| Total Funds | \$80,900 | \$50,775 | \$0 | \$131,675 | \$50,494 | \$0 | \$131,394 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$11,587) | \$0 |
| FY07 | (\$11,587) | \$0 |

PL- 1 - Eliminate Indian Economic Development Expenditures from Base -

The budget includes a reduction of approximately \$12,000 state special revenue each year for the State-Tribal Economic Development Commission, which was established under 90-1-131, MCA, and expires June 30, 2005.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,000 | \$5,000 |
| FY07 | \$5,000 | \$5,000 |

PL- 2 - Coordinator Travel Expenses -

The Coordinator of Indian Affairs position has been vacant since 2002. This request, of \$5,000 general fund each year of the biennium, would restore the travel budget for the coordinator and allow him/her to complete the necessary travel required of the position.

Governor's Office-3101
Lieutenant Governor's Office-12

12 Lieutenant Governor's
Office
Lt. Governor Karl Ohs x5551

Program Description - The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 4.00 | (0.06) | 0.00 | 3.94 | (0.06) | 0.00 | 3.94 |
| Personal Services | 210,095 | 27,175 | 0 | 237,270 | 26,471 | 0 | 236,566 |
| Operating Expenses | 33,768 | 912 | 0 | 34,680 | 1,034 | 0 | 34,802 |
| Total Costs | \$243,863 | \$28,087 | \$0 | \$271,950 | \$27,505 | \$0 | \$271,368 |
| General Fund | 243,863 | 28,087 | 0 | 271,950 | 27,505 | 0 | 271,368 |
| Total Funds | \$243,863 | \$28,087 | \$0 | \$271,950 | \$27,505 | \$0 | \$271,368 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$3,445) | (\$3,445) |
| FY07 | (\$3,434) | (\$3,434) |

PL- 1 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.06 FTE and approximately \$3,400 general fund per year are removed from the budget permanently.

**Governor's Office-3101
Citizens' Advocate Office-16**

16 Citizen's Advocate Office
Myrna Omholt-Mason x3468

Program Description - The Citizens' Advocate Office exists to provide access to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. The office provides a toll-free number to the public.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 1.50 | 0.00 | 0.00 | 1.50 | 0.00 | 0.00 | 1.50 |
| Personal Services | 78,051 | (100) | 0 | 77,951 | (298) | 0 | 77,753 |
| Operating Expenses | 11,610 | 114 | 0 | 11,724 | 109 | 0 | 11,719 |
| Total Costs | \$89,661 | \$14 | \$0 | \$89,675 | (\$189) | \$0 | \$89,472 |
| General Fund | 74,539 | (4,864) | 0 | 69,675 | (5,067) | 0 | 69,472 |
| Federal Special | 15,122 | 4,878 | 0 | 20,000 | 4,878 | 0 | 20,000 |
| Total Funds | \$89,661 | \$14 | \$0 | \$89,675 | (\$189) | \$0 | \$89,472 |

Governor's Office-3101

Mental Disabilities Board of Visitors-20

20 Mental Disabilities Board
of Visitors
Gene Haire x3965

Mental Health
Ombudsman
Bonnie Adee x9669

Program Description - The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints five board members who may be (but are not required to be) consumers, doctors of medicine, or behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 238,752 | (2,082) | 0 | 236,670 | (2,429) | 0 | 236,323 |
| Operating Expenses | 61,492 | 11,615 | 0 | 73,107 | 11,634 | 0 | 73,126 |
| Total Costs | \$300,244 | \$9,533 | \$0 | \$309,777 | \$9,205 | \$0 | \$309,449 |
| General Fund | 204,989 | 10,779 | 0 | 215,768 | 10,494 | 0 | 215,483 |
| Federal Special | 95,255 | (1,246) | 0 | 94,009 | (1,289) | 0 | 93,966 |
| Total Funds | \$300,244 | \$9,533 | \$0 | \$309,777 | \$9,205 | \$0 | \$309,449 |

-----Present Law Adjustments-----

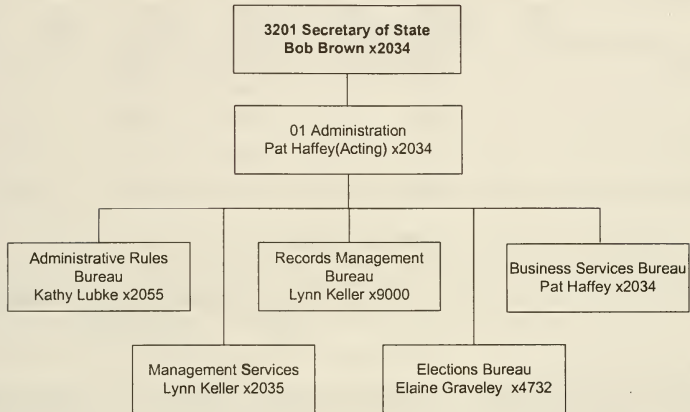
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$10,000 |
| FY07 | \$10,000 | \$10,000 |

PL- 1 - Board of Visitors Operating Expenses -

This request of \$10,000 general fund each year of the biennium will restore the programs travel and operating budget. The Board of Visitors has a statutory obligation to visit Montana's public mental health facilities.

Secretary of State Office-3201

Business & Government Services-01



Mission Statement - To serve the voters, business community, and governmental agencies of Montana by overseeing the elections process, facilitating business activities, commissioning notaries, publishing the Administrative Rules of Montana, and preserving documents and records. The Secretary of State works for and with its customers, continuously striving to improve service.

Statutory Authority - Article VI, Section 1, Montana Constitution; 2-4-311-312, 2-6-203, and 2-15-401, MCA.

Program Description - The Secretary of State has one program with five bureaus.

The Elections Bureau is responsible for interpreting state election laws and assisting county election administrators in uniformly implementing the law. It also qualifies candidates for the ballot, qualifies initiatives and referendums for the ballot, certifies the language and form of the ballot, publishes the official state voter-information pamphlet, conducts the official canvass of statewide election results and trains county and school election officials. The bureau also oversees the implementation of the Help America Vote Act, (HAVA).

The Business Services Bureau is responsible for registering businesses and maintaining private-sector documents directly related to business. These include such documents as corporate charters, applications for assumed business names, annual reports, and registration of trademarks.

The Administrative Rules Bureau executes the duties of the Secretary of State's Office under the Montana Administrative Procedure Act. These duties include, but are not limited to, the filing, indexing, organizing for publication, and distribution of Administrative Rules adopted by state agencies. These filings are published in the Administrative Rules of Montana (ARM) and the Montana Administrative Register (MAR), under statutorily mandated deadlines.

The Records Management Bureau is responsible for storing, accessing, microfilming, scanning, preserving, and disposing of public documents generated by state and local governments. The bureau plays a vital role in preserving essential information and ensuring continuity and accountability in government.

The Management Services Bureau provides personnel, accounting, budgeting and other administrative support to the other bureaus.

This agency is also found in Section P of Volume 3.

**Secretary of State Office-3201
Business & Government Services-01**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| Personal Services | 0 | 48,300 | 0 | 48,300 | 48,300 | 0 | 48,300 |
| Operating Expenses | 0 | 5,039,305 | 0 | 5,039,305 | 5,115,254 | 0 | 5,115,254 |
| Equipment | 0 | 381,924 | 0 | 381,924 | 393,382 | 0 | 393,382 |
| Total Costs | \$0 | \$5,469,529 | \$0 | \$5,469,529 | \$5,556,936 | \$0 | \$5,556,936 |
| Federal Special | 0 | 5,469,529 | 0 | 5,469,529 | 5,556,936 | 0 | 5,556,936 |
| Total Funds | \$0 | \$5,469,529 | \$0 | \$5,469,529 | \$5,556,936 | \$0 | \$5,556,936 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,469,529 | \$0 |
| FY07 | \$5,556,936 | \$0 |

PL- 1 - Help America Vote Act -

Help America Vote Act (HAVA) - Statewide Voter Registration System (SVRS) charges the Secretary of State, as the chief state election official, to develop a computerized statewide voter registration list. Federal funding has been provided through HAVA and will be spent for technology development projects. There is no proprietary or general fund included.

Commissioner of Political Practices-3202 Administration-01

3202 Commissioner of Political
Practices
Linda L. Vaughney x2942

01 Administration

Mission Statement - To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials and state department directors; ethical standards of conduct for legislators, public officers and state employees; and to investigate legitimate complaints that arise concerning any of the above.

Statutory Authority - Title 13, Chapter 37 and Title 2, Chapter 2, MCA.

Program Description - The Commissioner of Political Practices is provided for in 13-37-102, MCA, which was enacted in 1975 as part of a campaign finance and practice law reform package, with duties and responsibilities set forth in Title 13, Chapter 37, part 1, MCA. Additional responsibilities for the office were created through passage of an initiative in 1980 which provided for both lobbying disclosure and disclosure of business interests of elected officials. In 1995 the Legislature enacted the code of ethics and assigned to the Commissioner the responsibility for administering ethical standards of conduct for legislators, public officers and state employees.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Lobbyists registered | 906 | 914 | 914 | 800 | 800 | 800 |
| Committees registered (all types) | 422 | 691 | 643 | 800 | 600 | 600 |
| Candidates registered (State, State District, and Local) | 1993 | 1742 | 1320 | 1800 | 1400 | 1800 |
| Official complaints filed | 16 | 11 | 8 | 15 | 10 | 15 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|--------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 5.00 | (1.00) | 0.00 | 4.00 | (1.00) | 0.00 | 4.00 |
| Personal Services | 184,827 | 3,837 | 0 | 188,664 | 4,333 | 0 | 189,160 |
| Operating Expenses | 124,490 | 16,819 | 0 | 141,309 | 4,075 | 0 | 128,565 |
| Total Costs | \$309,317 | \$20,656 | \$0 | \$329,973 | \$8,408 | \$0 | \$317,725 |
| General Fund | 309,317 | 20,656 | 0 | 329,973 | 8,408 | 0 | 317,725 |
| Total Funds | \$309,317 | \$20,656 | \$0 | \$329,973 | \$8,408 | \$0 | \$317,725 |

Commissioner of Political Practices-3202 Administration-01

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$6,365 | \$6,365 |
| FY07 | \$0 | \$0 |

PL- 1 - Computer replacement -

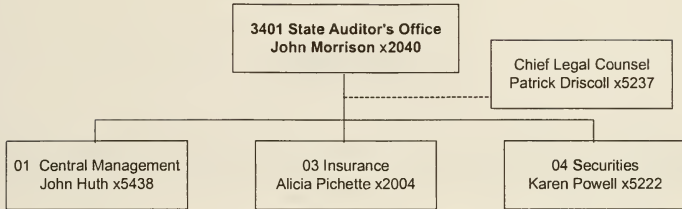
The state standard for computer replacement is every four years. The budget includes \$6,365 general fund in FY 2006 for replacement of the Commissioner's five computer stations purchased in FY 2002.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$32,963) | (\$32,963) |
| FY07 | (\$32,878) | (\$32,878) |

PL- 2 - Permanent FTE Reduction -

The 2003 Legislature reduced funding for a vacant data manager position but did not reduce the FTE. This proposal makes permanent that budget reduction by eliminating 1.00 FTE and approximately \$33,000 general fund each year of the biennium.

State Auditors Office-3401



Mission Statement - The State Auditor is the Commissioner of Insurance and the Commissioner of Securities. The auditor also serves as a member of the Board of Land Commissioners and the Crop Hail Insurance Board. The auditor is charged with licensing, registering, and regulating insurance companies and producers, securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representative within the state.

Statutory Authority - Title 30, Chapter 10, MCA, Securities Regulation, and Title 33, MCA, Insurance.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 71.50 | 0.00 | 2.00 | 73.50 | 0.00 | 2.00 | 73.50 |
| Personal Services | 3,096,095 | 242,016 | 95,850 | 3,433,961 | 240,982 | 95,578 | 3,432,655 |
| Operating Expenses | 733,518 | 334,376 | 16,470 | 1,084,364 | 371,591 | 9,650 | 1,114,759 |
| Grants | 573,215 | 0 | 0 | 573,215 | 0 | 0 | 573,215 |
| Total Costs | \$4,402,828 | \$576,392 | \$112,320 | \$5,091,540 | \$612,573 | \$105,228 | \$5,120,629 |
| State/Other Special | 4,402,828 | 576,392 | 112,320 | 5,091,540 | 612,573 | 105,228 | 5,120,629 |
| Total Funds | \$4,402,828 | \$576,392 | \$112,320 | \$5,091,540 | \$612,573 | \$105,228 | \$5,120,629 |

State Auditors Office-3401 Central Management-01

01 Central Management
John Huth x5438

Program Description - The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the State Auditor's Office. The division also provides support to the auditor in fulfilling the duties as a member of the state land and hail insurance boards.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 10.00 | 0.00 | 0.00 | 10.00 | 0.00 | 0.00 | 10.00 |
| Personal Services | 435,843 | 53,264 | 0 | 489,107 | 51,945 | 0 | 487,788 |
| Operating Expenses | 89,661 | 5,925 | 0 | 95,586 | 1,212 | 0 | 90,873 |
| Total Costs | \$525,504 | \$59,189 | \$0 | \$584,693 | \$53,157 | \$0 | \$578,661 |
| State/Other Special | 525,504 | 59,189 | 0 | 584,693 | 53,157 | 0 | 578,661 |
| Total Funds | \$525,504 | \$59,189 | \$0 | \$584,693 | \$53,157 | \$0 | \$578,661 |

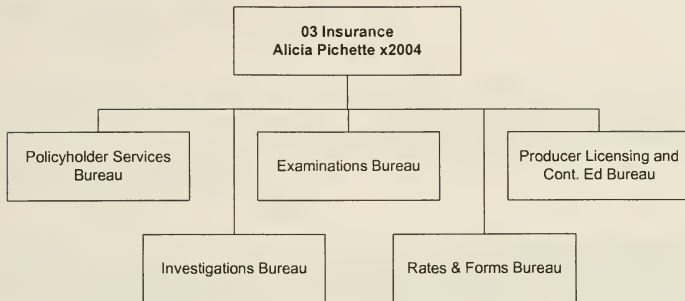
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,106 | \$0 |
| FY07 | \$1,676 | \$0 |

PL- 101 - Rent Increase -

The budget includes an increase of \$1,106 in FY 2006 and \$1,676 in FY 2007 state special revenue to fund a scheduled two percent rent increase, based on a contract negotiated by Department of Administration.

State Auditors Office-3401 Insurance-03



Program Description - The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code. The Licensing Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Investigations Bureau investigates insurance code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 48.50 | 0.00 | 2.00 | 50.50 | 0.00 | 2.00 | 50.50 |
| Personal Services | 2,134,568 | 133,211 | 95,850 | 2,363,629 | 134,358 | 95,578 | 2,364,504 |
| Operating Expenses | 538,261 | 264,850 | 16,470 | 819,581 | 300,659 | 9,650 | 848,570 |
| Grants | 573,215 | 0 | 0 | 573,215 | 0 | 0 | 573,215 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$3,246,044 | \$398,061 | \$112,320 | \$3,756,425 | \$435,017 | \$105,228 | \$3,786,289 |
| State/Other Special | 3,246,044 | 398,061 | 112,320 | 3,756,425 | 435,017 | 105,228 | 3,786,289 |
| Total Funds | \$3,246,044 | \$398,061 | \$112,320 | \$3,756,425 | \$435,017 | \$105,228 | \$3,786,289 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$6,532 | \$0 |
| FY07 | \$9,432 | \$0 |

PL- 301 - Office Rent & Secured Storage Increase -

The budget includes an increase of \$6,532 in FY 2006 and \$9,432 in FY 2007 state special revenue to fund scheduled two percent rent increase and for additional secured storage space, based on a contract negotiated by the Department of Administration.

State Auditors Office-3401

Insurance-03

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$227,820 | \$0 |
| FY07 | \$283,544 | \$0 |

PL- 305 - Contract Insurance Examinations –RST-

The Executive recommends \$227,820 in FY 2006 and \$283,544 in FY 2007 of state special revenue which will establish the restricted appropriation for Insurance Contract Exams. The budget is based upon the examination schedule for the biennium. Insurance companies will reimburse the examination expenses.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$19,200 | \$0 |
| FY07 | \$19,200 | \$0 |

PL- 306 - Captive Insurance –RST-

This restricted state special revenue request is recommended by the Executive to fund \$19,200 each year for review costs of new Captive Insurance applications in the 2007 biennium. An independent contract actuary reviews each application for financial viability costing \$3,200. The applicant reimburses these reviews cost.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$59,575 | \$0 |
| FY07 | \$56,016 | \$0 |

NP- 303 - Rates and Forms FTE -

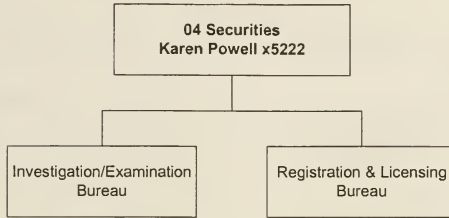
This request proposes \$59,575 state special revenue in FY 2006 and \$56,016 in FY 2007 to hire 1.00 FTE in order to expedite the review of insurance policy forms. The agency's goal is to approve or reject policy forms submitted to the State Auditor's Office within 20 days of submission. This goal is achieved by neighboring states and would make Montana a more competitive market and allow insurance products get to market more rapidly.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$52,745 | \$0 |
| FY07 | \$49,212 | \$0 |

NP- 304 - Policyholder Services FTE -

This budget includes \$52,745 in FY 2006 and \$49,212 in FY2007 of state special funding and an additional 1.00 FTE. This position will supervise and assist with the increased workload due to the recently signed Medicare Prescription legislation, the federal Health Insurance Portability and Accountability Act (HIPAA), the continuation of changes to state insurance statutes, and due to federal Employee Retirement Income Security Act (ERISA) Montanans who are covered by plans exempt from our jurisdiction.

State Auditors Office-3401 Securities-04



Program Description - The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and, in particular, for the registration of securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representatives. The division also is responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$25 million. The Investigations Bureau investigates securities code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 13.00 | 0.00 | 0.00 | 13.00 | 0.00 | 0.00 | 13.00 |
| Personal Services | 525,684 | 55,541 | 0 | 581,225 | 54,679 | 0 | 580,363 |
| Operating Expenses | 105,596 | 63,601 | 0 | 169,197 | 69,720 | 0 | 175,316 |
| Total Costs | \$631,280 | \$119,142 | \$0 | \$750,422 | \$124,399 | \$0 | \$755,679 |
| State/Other Special | 631,280 | 119,142 | 0 | 750,422 | 124,399 | 0 | 755,679 |
| Total Funds | \$631,280 | \$119,142 | \$0 | \$750,422 | \$124,399 | \$0 | \$755,679 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,412 | \$0 |
| FY07 | \$3,192 | \$0 |

PL- 401 - Office Rent & Secured Storage Increase -

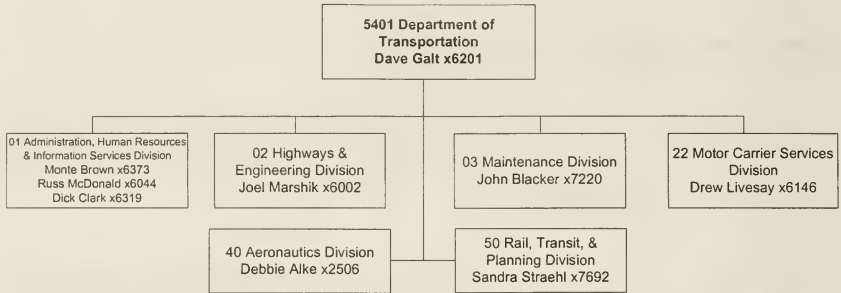
The budget includes an increase of \$2,412 in FY 2006 and \$3,192 in FY 2007 state special revenue to fund the scheduled two percent rent increase and for additional secured storage space, based on a contract negotiated by the Department of Administration.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$60,792 | \$0 |
| FY07 | \$65,792 | \$0 |

PL- 403 - Contract Securities Examinations -

The Executive recommends this budget increase of \$60,792 in FY 2006 and \$65,792 in FY 2007 of state special revenue which will establish the restricted appropriation for Securities Contract Exams. The budget is based upon the examination schedule for the biennium. Security companies will reimburse the examination expenses.

Department of Transportation-5401



Mission Statement - To serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality and sensitivity to the environment.

Statutory Authority - Title 2, Chapter 15, part 25; and Titles 23 and 60, MCA; USC 134 and 135; Title 23, Chapter 1, CFR.

Language - " The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue fund types if the total state special revenue authority for these programs is not increased by more than 10 percent of the total appropriations established by the legislature for each program. All transfers between state special revenue and federal special revenue funds must be fully explained, justified, and reported in accordance with the requirements of 17-7-138 or 17-7-139, MCA, as applicable."

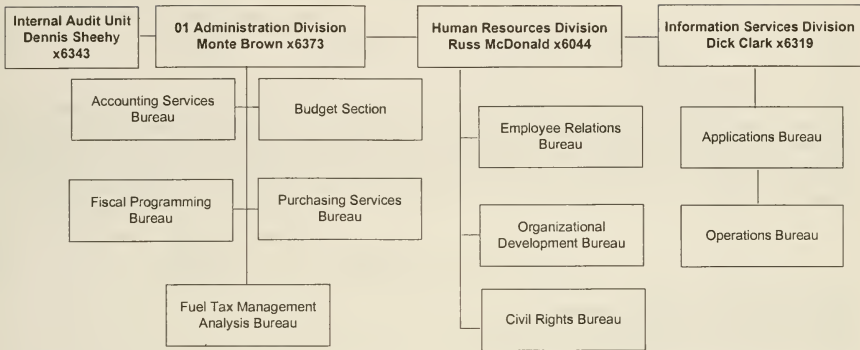
" All federal special revenue appropriations in the department are biennial."

" All appropriations in the general operations, construction, maintenance, and transportation planning programs are biennial."

" All remaining federal pass-through grant appropriations for Highway Traffic Safety, including reversions, for the 2005 biennium are authorized to continue and are appropriated in fiscal year 2006 and fiscal year 2007."

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2,176.13 | 40.65 | 13.63 | 2,230.41 | 11.65 | 17.50 | 2,205.28 |
| Personal Services | 103,543,485 | 10,002,857 | 808,404 | 114,354,746 | 9,271,119 | 1,015,065 | 113,829,669 |
| Operating Expenses | 361,067,272 | 107,290,948 | 4,434,475 | 472,792,695 | 95,367,087 | 2,165,815 | 458,600,174 |
| Equipment | 1,456,438 | 62,000 | 549,254 | 2,067,692 | 62,000 | 67,244 | 1,585,682 |
| Capital Outlay | 15,533,494 | 516,663 | 0 | 16,050,157 | 516,663 | 0 | 16,050,157 |
| Local Assistance | 95,225 | 0 | 0 | 95,225 | 0 | 0 | 95,225 |
| Grants | 9,014,582 | 1,786,343 | 0 | 10,800,925 | 753,343 | 0 | 9,767,925 |
| Transfers | 18,221 | 0 | 0 | 18,221 | 0 | 0 | 18,221 |
| Debt Service | 750 | 0 | 0 | 750 | 0 | 26,000 | 26,750 |
| Total Costs | \$490,729,467 | \$119,658,811 | \$5,792,133 | \$616,180,411 | \$105,970,212 | \$3,274,124 | \$599,973,803 |
| State/Other Special | 237,162,066 | 48,042,318 | 2,162,370 | 287,366,754 | 21,245,254 | 1,731,861 | 260,139,181 |
| Federal Special | 253,567,401 | 71,616,493 | 3,629,763 | 328,813,657 | 84,724,958 | 1,542,263 | 339,834,622 |
| Total Funds | \$490,729,467 | \$119,658,811 | \$5,792,133 | \$616,180,411 | \$105,970,212 | \$3,274,124 | \$599,973,803 |

Department of Transportation-5401 General Operations Program-01



Program Description - The General Operations Program administers motor fuel taxes and provides administrative support services for the department, including general administration and management; accounting and budgeting; public affairs; information technology services; human resources activities; compliance review; and goods and services procurement. The General Operations Program is authorized by 2-15-2501(3), MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 164.77 | 0.00 | 5.00 | 169.77 | 0.00 | 6.00 | 170.77 |
| Personal Services | 8,227,383 | 348,321 | 203,986 | 8,779,690 | 347,333 | 208,753 | 8,783,469 |
| Operating Expenses | 11,505,433 | (594,039) | 596,897 | 11,508,291 | (617,786) | 713,621 | 11,601,268 |
| Equipment | 399,626 | 0 | 96,000 | 495,626 | 0 | 0 | 399,626 |
| Grants | 75,000 | 0 | 0 | 75,000 | 0 | 0 | 75,000 |
| Debt Service | 750 | 0 | 0 | 750 | 0 | 0 | 750 |
| Total Costs | \$20,208,192 | (\$245,718) | \$896,883 | \$20,859,357 | (\$270,453) | \$922,374 | \$20,860,113 |
| State/Other Special | 19,466,174 | (322,104) | 896,883 | 20,040,953 | (369,158) | 922,374 | 20,019,390 |
| Federal Special | 742,018 | 76,386 | 0 | 818,404 | 98,705 | 0 | 840,723 |
| Total Funds | \$20,208,192 | (\$245,718) | \$896,883 | \$20,859,357 | (\$270,453) | \$922,374 | \$20,860,113 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$232,831 | \$0 |
| FY07 | \$232,831 | \$0 |

PL- 103 - Commercial Vehicle Operations Enhancements -

The Motor Carrier Services Division (MCS) protects Montana's investment in its highway system and assures the safety of the traveling public through regulation, licensing, and permitting for the commercial motor carrier industry and enforcement of state and federal commercial motor carrier laws and regulations. The division has invested in VISTA software, supplied by Affiliated Computer Services, to provide International Registration Plan (IRP) credentialing, International Fuel Tax Agreement (IFTA) licenses and tax returns, Single State Registration System (SSRS) registration receipt, permitting, and internet access technologies. This request is to restore 2003 biennium funding level, in the amounts of \$126,566 highway state special revenue and \$106,265 federal special revenue for each year of the 2007 biennium.

Department of Transportation-5401 General Operations Program-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 104 - Local Option Tax -

This request is for system modifications to accommodate a local option tax and is needed to modify current systems and implement a local option tax as allowed under 7-14-301 and 7-14-304, MCA. These cost estimates are based on the assumption that proposed legislation (LC# 187) passes. The proposed legislation does not allow any refunds of the local option tax. If the proposed legislation does not pass, the costs would be higher since the department would be required to refund local option taxes on gasoline that is used off-road. The biennial request is for \$50,000 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$65,866 | \$0 |
| FY07 | \$65,866 | \$0 |

PL- 105 - Overtime and Differential Pay -

The department requests to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$131,732 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,441 | \$0 |
| FY07 | \$5,425 | \$0 |

PL- 106 - Equipment Rental -

The rate schedule required in the budgeting process as a means of providing adequate revenue for the Equipment Program, computes an adjustment to the users of the equipment in the amount of \$10,866 highway state special revenue for the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,943 | \$0 |
| FY07 | \$10,934 | \$0 |

PL- 108 - Human Resource Compliance -

The Executive recommends adding authority for Disadvantaged Business Enterprise (DBE) on-site reviews and to develop and maintain contractor tracking records to ensure compliance with federal labor and EEO requirements. The biennial request is for \$21,877 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$57,827 | \$0 |
| FY07 | \$57,826 | \$0 |

PL- 109 - DBE Support Services Expansion -

The budget includes a biennial request of \$115,653 federal special revenue to offer expanded support services to Disadvantaged Business Enterprise (DBE) companies in the form of increased reimbursements, additional meetings and training workshops, an improved monthly newsletter and additional marketing and financial assistance necessary to be in compliance with federal regulations.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,800 | \$0 |
| FY07 | \$10,800 | \$0 |

PL- 110 - Video Conferencing -

Seven additional video conferencing units were purchased at the end of the base year. This request adds \$21,600 of highway state special revenue to cover the costs of the service level agreement with Department of Administration ITSD that were not captured in the base.

Department of Transportation-5401 General Operations Program-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$63,250 | \$0 |
| FY07 | \$66,700 | \$0 |

PL- 111 - Fuel Tax Evasion -

The grant plan for the federal fuel tax evasion grant includes an interface between the Distributor Processing system and the Vista system and the purchase of training videos, mobile audio/video recorders and the maintenance of an increased number of cell phones for the Motor Carrier Services (MCS) enforcement officers. The biennial adjustment needed for these expenditures is \$10,000 in highway state special revenue and \$119,950 highway federal special revenue.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$646,883 | \$0 |
| FY07 | \$672,374 | \$0 |

NP- 101 - Integrated Financials -

The Integrated Financials project focuses on defining the business processes necessary to integrate the departments planning efforts with the financial processes for developing and monitoring budgets and the use of federal obligation authority, managing cash reserves, and maximizing the use of the project scheduling system and PeopleSoft financials. Incremental steps will be taken during the 2007 biennium, however delivery of the entire plan could take up to eight years. Funding this request, which is included in the department's IT strategic plan, will result in: better definition of business processes that integrate project resource planning with financial planning, migrating current financial systems that use extremely old technology to the Oracle platform, and implementing a common coding structure. This request requires \$646,883 in FY 2006 and \$672,374 in FY 2007 highway state special revenue. The request also adds 5.00 FTE in FY 2006 and 6.00 FTE in FY 2007.

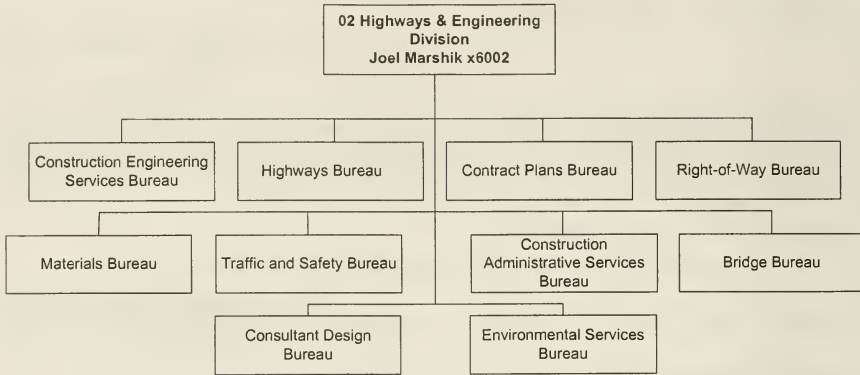
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$250,000 | \$0 |
| FY07 | \$250,000 | \$0 |

NP- 102 - Remote Computer Connectivity -

The Department of Transportation has approximately 300 remote facilities with computer equipment that connects to the network via low speed dial-up connections. These low speed connections are inefficient, often costly in terms of phone charges, and preclude the remote sites from accessing many of the computer applications necessary to complete their critical business processes. This request is for \$250,000 state special revenue each year to be used in supplying improved computer access to some of the remote facilities by pursuing digital subscriber lines (DSL) and cable broadband where available, and satellite equipment where no other solution exists.

Department of Transportation-5401

Construction Program-02



Program Description - The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through actual construction. Program responsibilities include such tasks as design, accessing environmental documents and permits, making right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work is approved. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare. The Construction Program is mandated by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Percentage of all projects finalized within 120 days of certificate of completion | 95.1% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% |
| Develop plans for and let 85% of planned fiscal year projects | 66.0% | 85.0% | 85.0% | 85.0% | 85.0% | 85.0% |
| Maintain statewide average construction engineering costs under 8.5% of total contract costs | 10.0% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% |
| Maintain statewide final costs under 10% above award amount | 3.3% | 2.5% | 2.5% | 2.5% | 3.0% | 3.0% |

Department of Transportation-5401 Construction Program-02

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 1,069.59 | 40.65 | 0.00 | 1,110.24 | 11.65 | 0.00 | 1,081.24 |
| Personal Services | 52,793,815 | 6,090,053 | 0 | 58,883,868 | 5,290,771 | 0 | 58,084,586 |
| Operating Expenses | 290,599,940 | 103,874,326 | 0 | 394,474,266 | 92,539,192 | 0 | 383,139,132 |
| Equipment | 857,670 | 0 | 0 | 857,670 | 0 | 0 | 857,670 |
| Capital Outlay | 15,526,338 | 473,663 | 0 | 16,000,001 | 473,663 | 0 | 16,000,001 |
| Local Assistance | 95,225 | 0 | 0 | 95,225 | 0 | 0 | 95,225 |
| Grants | 3,549,690 | 0 | 0 | 3,549,690 | 0 | 0 | 3,549,690 |
| Total Costs | \$363,422,678 | \$110,438,042 | \$0 | \$473,860,720 | \$98,303,626 | \$0 | \$461,726,304 |
| State/Other Special | 126,894,127 | 38,852,572 | 0 | 165,746,699 | 13,150,792 | 0 | 140,044,919 |
| Federal Special | 236,528,551 | 71,585,470 | 0 | 308,114,021 | 85,152,834 | 0 | 321,681,385 |
| Total Funds | \$363,422,678 | \$110,438,042 | \$0 | \$473,860,720 | \$98,303,626 | \$0 | \$461,726,304 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$118,576 | \$0 |
| FY07 | \$118,252 | \$0 |

PL- 201 - Traffic Engineers -

This request is for 2.00 FTE for each year of the biennium. Both positions are traffic engineer specialists with responsibilities in traffic engineering design and analysis. The responsibilities involve preliminary engineering design and project development related to the department's federal aid program. The total request for the biennium is \$236,828. This consists of \$92,020 highway state special revenue and \$144,808 federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$19,211,644) | \$0 |
| FY07 | (\$19,273,491) | \$0 |

PL- 202 - Contractor Payments/State Construction Program -

The department is required to spend a minimum amount of state funds in order to receive a favorable ratio of federal participation on federal aid projects. The department requests to decrease the amount of state funded construction by \$38,485,135 for the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$60,444,067 | \$0 |
| FY07 | \$77,079,593 | \$0 |

PL- 203 - Contractor Payments/Federal Aid Construction Program -

The contractor payment request is computed by using the Tentative Construction Plan (TCP), which indicates when various construction projects will be let and the type of work to be completed. This information is entered into the Project Cost Scheduling system (PCS), which uses information such as let dates, type of work, and other criteria to estimate when and what amount of actual payments will be made for future fiscal years. The request is for an additional \$137,523,660 for the 2007 biennium. This consists of \$16,224,979 highway state special revenue authority and \$121,298,681 federal special revenue spending authority.

Department of Transportation-5401 Construction Program-02

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$60,328,868 | \$0 |
| FY07 | \$32,671,650 | \$0 |

PL- 204 - US HWY 93 -

The department has chosen to accelerate the construction process on Highway 93 from Evaro Hill to Polson in order to provide the traveling public with a highway of double the current traffic capacity as well as addressing severe safety problems. In order to accelerate the construction process the funding of these projects will be from the sale of bonds. The sale of bonds will provide the necessary funding to construct these projects in a three year time period, where it would normally require ten or more years to design and construct projects of this magnitude. This highway is on the Flathead Indian Reservation, which causes the entire cost of the project to be 100 percent federally funded. As the bonds mature and are redeemed the amounts will be converted to federal aid with the Federal Highway Administration (FHWA) and the bond and interest will be paid off. The total request for the 2007 biennium is \$93,000,518.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,253,954 | \$0 |
| FY07 | \$1,247,606 | \$0 |

PL- 205 - Construction Management FTE -

The Tentative Construction Plan (TCP) indicates a need for additional budget authority for 38.65 FTE in FY 2006 and an increase of 9.65 FTE in FY 2007. The total request for the biennium is an increase of \$3,501,560. This consists of an increase of \$1,129,834 highway state special revenue and \$2,371,726 federal special revenue. This adjustment, also referred to as the Construction Management System (CMS) adjustment is done every budget cycle.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,672,959 | \$0 |
| FY07 | \$1,672,959 | \$0 |

PL- 206 - Aggregate Position Funding -

The Construction Program has certain organizational units that have aggregate positions (a position with several incumbents). Because MBARS, the state's budgeting system, computes positions by funding all the FTE at the rate of the most recent employee hired into that position, in most cases the lowest paid person in the position, all the other employees in that position are under funded. The department calculates a need to increase spending authority for the biennium by \$3,345,918. This consists of \$1,044,094 highway state special revenue and \$2,301,824 federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$785,945 | \$0 |
| FY07 | \$785,945 | \$0 |

PL- 207 - Right of Way/Utilities -

This request is to increase the right of way and utility spending authority by \$1,571,890 for the biennium for consultant fees in relation to utilities relocation. The department is expecting an increased number of utility relocations and land purchases due to the increase in construction projects. This request consists of \$276,339 highway state special revenue and \$1,295,551 federal special revenue.

Department of Transportation-5401 Construction Program-02

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$400,000 | \$0 |
| FY07 | \$400,000 | \$0 |

PL- 208 - Community Transportation Enhancement Program -

Community Transportation Enhancement Program (CTEP) projects are transportation related activities that are designed to strengthen the cultural, aesthetic, and environmental aspects of Montana's inter-modal transportation system. The CTEP program provides for the implementation of a variety of non-traditional projects. The Executive recommends an increase of \$800,000 for the biennium. The program under spent historical levels in the base year. The goal is to push more projects through to spend the federal dollars that are specifically allocated for these projects. The request consists of \$103,120 highway state special revenue and \$696,880 federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,378,929 | \$0 |
| FY07 | \$4,378,929 | \$0 |

PL- 209 - Overtime and Differential Pay -

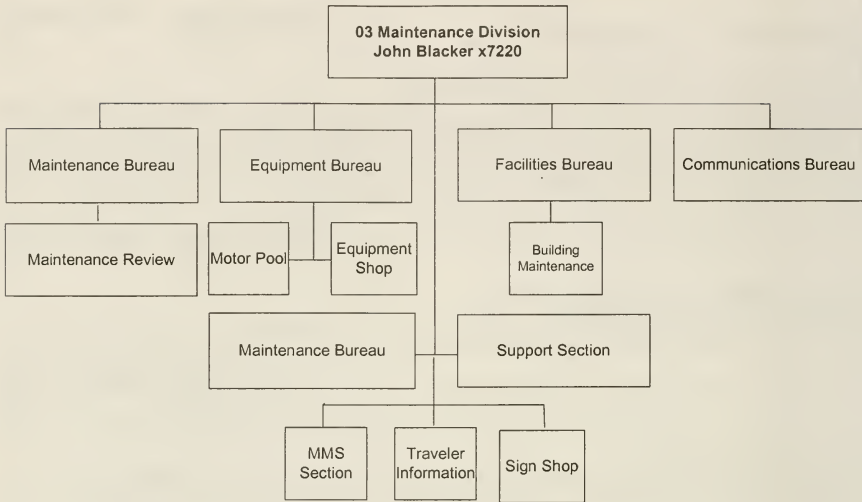
This request is to reestablish base year overtime and differential pay with associated benefits. The 2007 biennial cost is \$8,757,858. This includes \$4,064,522 highway state special revenue and \$4,693,336 federal special revenue spending.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$369,126 | \$0 |
| FY07 | \$368,065 | \$0 |

PL- 210 - Equipment Rental -

The rate schedule, required in the budgeting process as a means of providing adequate revenue for the Equipment Program, computes an adjustment to the users of the equipment. The biennial adjustment to the Construction program is \$737,191. This consists of \$299,220 highway state special revenue and \$437,971 federal special revenue.

Department of Transportation-5401 Maintenance Program-03



Program Description - The Maintenance Program provides for repairs and preventive maintenance of state highways and the various signs and structures within the highway right-of-way. Winter plowing and sanding and year-round repairs to the state highway system are the responsibility of the staff in the Maintenance Program. The Maintenance Program is authorized by 2-15-2501(1), MCA; Title 60, MCA, and 23 USC 116.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 761.17 | 0.00 | 0.00 | 761.17 | 0.00 | 0.00 | 761.17 |
| Personal Services | 35,186,585 | 3,174,965 | 0 | 38,361,550 | 3,244,311 | 0 | 38,430,896 |
| Operating Expenses | 56,190,657 | 3,287,287 | 75,000 | 59,552,944 | 3,359,068 | 75,000 | 59,624,725 |
| Equipment | 164,987 | 62,000 | 0 | 226,987 | 62,000 | 0 | 226,987 |
| Capital Outlay | 7,156 | 43,000 | 0 | 50,156 | 43,000 | 0 | 50,156 |
| Total Costs | \$91,549,385 | \$6,567,252 | \$75,000 | \$98,191,637 | \$6,708,379 | \$75,000 | \$98,332,764 |
| State/Other Special | 83,203,653 | 7,606,205 | 75,000 | 90,884,858 | 7,622,695 | 75,000 | 90,901,348 |
| Federal Special | 8,345,732 | (1,038,953) | 0 | 7,306,779 | (914,316) | 0 | 7,431,416 |
| Total Funds | \$91,549,385 | \$6,567,252 | \$75,000 | \$98,191,637 | \$6,708,379 | \$75,000 | \$98,332,764 |

Department of Transportation-5401 Maintenance Program-03

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Miles of road plowed during Winter Maintenance | 3,360,453 | 2,962,872 | 3,2195,08 | 3,250,000 | 3,250,000 | 3,250,000 |
| Square yards of chip seal on Montana highways | 6,000,000 | 4,201,850 | 3,358,928 | 5,000,000 | 5,000,000 | 5,000,000 |
| Miles of 4" stripes applied to Montana highways | 19,271 | 19,097 | 18,875 | 25,000 | 25,000 | 25,000 |

Includes Secondary Roads takeover – SB333.

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$234,552 | \$0 |
| FY07 | \$316,152 | \$0 |

PL- 301 - Additional Secondary Roads -

The Executive recommends replacing current mobile two-way radio communication equipment that will be, on average, 18-21 years old by the time they would be replaced under this request. The manufacturer will no longer provide support and/or parts and materials for the radios being replaced. Estimated cost for 171 radios is \$333,345. In addition, a renegotiated multi-state contract (WSCA) will increase the cost of two-way radios by 25 percent. Additionally, new phone systems in Bozeman, Havre, and Shelby required changes in system circuits that weren't included in the base at a cost of \$3,941 per year. The biennial adjustment is \$513,837 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$256,918 | \$0 |
| FY07 | \$256,919 | \$0 |

PL- 304 - Communications - Two Way Radios -

The Executive recommends replacing current mobile two-way radio communication equipment that will be, on average, 18-21 years old by the time they would be replaced under this request. The manufacturer will no longer provide support and/or parts and materials for the radios being replaced. Estimated cost for 171 radios is \$333,345. In addition, a renegotiated multi-state contract (WSCA) will increase the cost of two-way radios by 25 percent. Additionally, new phone systems in Bozeman, Havre, and Shelby required changes in system circuits that weren't included in the base at a cost of \$3,941 per year. The biennial adjustment is \$513,837 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$361,611 | \$0 |
| FY07 | \$361,611 | \$0 |

PL- 305 - Rest Areas, Vaults and New Utilities -

This request is to provide funding for changes in existing rest area contracts, the addition of new section sites and the addition of vault toilets at roadside pullouts primarily used by the trucking industry. The biennial adjustment is \$723,222 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$230,075 | \$0 |
| FY07 | \$230,075 | \$0 |

PL- 306 - RWIS System Maintenance and Expansion -

The department's Roadway Weather Information System (RWIS) consists of a variety of weather monitoring equipment, including web cameras located throughout Montana on state maintained highways. This request is for hardware and software replacements of RWIS in the amount of \$230,075 per year highway state special revenue.

Department of Transportation-5401 Maintenance Program-03

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,060,428 | \$0 |
| FY07 | \$2,056,097 | \$0 |

PL- 308 - Equipment Rental -

The rate schedule, required in the budgeting process as a means of providing adequate revenue for the Equipment Program, computes an adjustment to the users of the equipment. The biennial adjustment for the Maintenance program is \$4,116,525 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$846,497) | \$0 |
| FY07 | (\$846,497) | \$0 |

PL- 309 - Biennial Appropriation Adjustments -

This decrease is to adjust the Pavement Preservation program to \$14.5 million annually. Due to completion of more pavement preservation contracts than anticipated, the program overspent the FY 2004 projections by approximately \$846,000. This program is managed on a biennial basis. The biennial reduction is \$1,692,994 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$519,819 | \$0 |
| FY07 | \$519,819 | \$0 |

PL- 310 - Pavement Markings -

This request is to reestablish contracted pavement markings at a \$5 million annual level. Pavement markings are painted centerlines, edge lines, crosswalks and special messages that are applied by contractors. The program under spent the base pavement markings budget due to a number of contracts that were completed but not paid in the base year because the contracts are in a dispute resolution process. The biennial adjustment is \$230,696 highway state special revenue and \$808,942 federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,379,075 | \$0 |
| FY07 | \$2,379,075 | \$0 |

PL- 311 - Overtime and Differential Pay -

This request is to reestablish zero-based overtime and differential pay with associated benefits at a biennial cost of \$4,758,150 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$80,000 | \$0 |
| FY07 | \$80,000 | \$0 |

PL- 313 - 511 Travelers information Program -

An Intelligence Transportation System (ITS) earmark that currently funds the department's 511 Travelers Information Program will no longer be available in July 2005. This adjustment is to continue the service provided by the system for Montana's travelers. The biennial cost is \$160,000 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$305,336 | \$0 |
| FY07 | \$305,336 | \$0 |

PL- 314 - Noxious Weed Control -

This request is for an additional \$610,672 highway state special revenue for the biennium to fund noxious weed control measures along additional paved secondary road rights-of-way.

Department of Transportation-5401 Maintenance Program-03

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$57,749 | \$0 |
| FY07 | \$58,085 | \$0 |

PL- 315 - City Maintenance Contracts -

This request funds the increased cost of city maintenance contracts with the cities of Missoula and Billings. The biennial cost is \$115,834 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$43,000 | \$0 |
| FY07 | \$43,000 | \$0 |

PL- 316 - Land Acquisition -

This request is to purchase land for stockpile sites and facility sites statewide in the Long Range Building Program. The biennial cost is \$86,000 highway state special revenue.

-----New Proposals-----

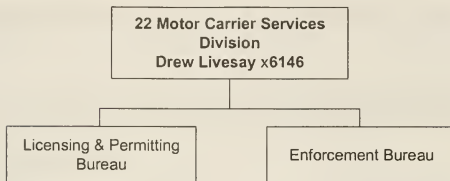
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$75,000 | \$0 |
| FY07 | \$75,000 | \$0 |

NP- 307 - City Rest Area -

Providing basic operational funding to facilitate the continued operation of City Park Rest Areas (CPRA) reduces and/or eliminates the need for the department to construct and maintain similar facilities. The CPRAs are located in smaller communities and they do provide potential economic stimulus to those communities. The traveling public gains additional clean and maintained rest facilities. The biennial adjustment is \$150,000 highway state special revenue.

Department of Transportation-5401

Motor Carrier Services Division-22



Program Description - The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses, issues oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance and size/weight laws. The Motor Carrier Services Program is mandated by Title 61, Chapter 9, MCA.

Program Indicators -

| Indicator | Actual FY 2002 | Actual FY 2003 | Actual FY 2004 | Estimated FY 2005 | Requested FY2006 | Requested FY2007 |
|---------------------|-------------------|-------------------|-------------------|----------------------|---------------------|---------------------|
| Contacts | 127,926 | 128,812 | 143,777 | 134,440 | 135,676 | 137,964 |
| Trucks weighed* | | | | | | |
| Platform & Portable | 490,840 | 506,432 | 445,110 | 470,673 | 474,072 | 463,285 |
| WIM * | 114,385 | 146,260 | 172,132 | 206,558 | 247,870 | 297,444 |
| Total Weights | 605,225 | 652,692 | 617,242 | 677,231 | 721,942 | 760,729 |

*Trucks weighed: Trucks are weighed on platform scales, portable scales, and electronic weigh-in-motion (WIM) scales.

* WIM Weights are collected at the following locations:

- Culbertson Weigh Station beginning July 1998.
- Lima Weigh Station beginning January 1999
- Mossmain (Billings) Weigh Station beginning January 2000
- Armington Junction Weigh Station beginning July 2001

The State of Wyoming is anticipating that the Dietz Joint Port of Entry Weigh Station will become operational late in 2005. MCS program indicators will include Dietz information at that time.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 111.50 | 0.00 | 8.63 | 120.13 | 0.00 | 11.50 | 123.00 |
| Personal Services | 4,248,192 | 225,817 | 604,418 | 5,078,427 | 225,048 | 806,312 | 5,279,552 |
| Operating Expenses | 805,983 | 45,398 | 949,828 | 1,801,209 | 43,082 | 1,221,444 | 2,070,509 |
| Equipment | 0 | 0 | 103,254 | 103,254 | 0 | 67,244 | 67,244 |
| Total Costs | \$5,054,175 | \$271,215 | \$1,657,500 | \$6,982,890 | \$268,130 | \$2,095,000 | \$7,417,305 |
| State/Other Special | 5,054,175 | 271,215 | 607,500 | 5,932,890 | 268,130 | 695,000 | 6,017,305 |
| Federal Special | 0 | 0 | 1,050,000 | 1,050,000 | 0 | 1,400,000 | 1,400,000 |
| Total Funds | \$5,054,175 | \$271,215 | \$1,657,500 | \$6,982,890 | \$268,130 | \$2,095,000 | \$7,417,305 |

**Department of Transportation-5401
Motor Carrier Services Division-22**

-----**Present Law Adjustments**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$55,771 | \$0 |
| FY07 | \$55,771 | \$0 |

PL- 2202 - Overtime and Differential Pay -

This request is to reestablish base year overtime and differential pay with associated benefits at a biennial cost of \$111,542 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,896 | \$0 |
| FY07 | \$16,300 | \$0 |

PL- 2203 - Equipment Rental -

The rate schedule, required in the budgeting process as a means of providing adequate revenue for the Equipment Program, computes an adjustment to the users of the equipment. The biennial adjustment is \$35,196 highway state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$0 |
| FY07 | \$25,000 | \$0 |

PL- 2204 - Credit Card Fees -

In response to customer requests, MCS developed and implemented a credit card payment option for automated commercial motor carrier service transactions in late FY 1997. Increased customer use of these automated services has resulted in a corresponding increase in credit card fees. MCS expects credit card use to continue to grow. This biennial request is for an additional \$50,000 highway state special revenue.

-----**New Proposals**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$345,000 | \$0 |
| FY07 | \$345,000 | \$0 |

NP- 2201 - MT/WY Dietz Joint Port of Entry -

The Montana/Wyoming Dietz Joint Port-Of-Entry will be staffed with Wyoming personnel who will enforce Montana size and weight laws, issue Montana permits and collect Montana GVW fees under a Montana/Wyoming contracted services agreement. In return, Montana will reimburse Wyoming for one-half of the salaries of up to ten Wyoming employees and for one-half of annual maintenance expenses at a cost of \$690,000 state special revenue for the biennium.

-----**Other Legislation Required to Implement HB2**-----

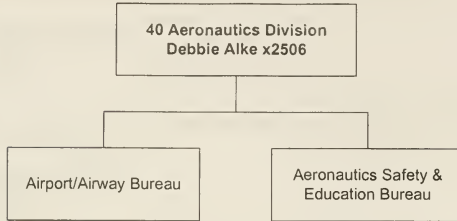
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,312,500 | \$0 |
| FY07 | \$1,750,000 | \$0 |

NP- 2205 - Transfer MCSAP from the Dept of Justice -

By mutual agreement of the Department of Justice, the Department of Transportation, and the Governor's Office, it has been determined that efficiencies could be realized by moving the Motor Carriers Safety Assistance Program (MCSAP) from the Department of Justice to the Department of Transportation. This would consolidate all commercial motor vehicle regulation functions in one program. This move would be effective Oct 1, 2005, which is the start of the new federal fiscal year and would be contingent on the passage and approval of a bill that makes the move statutorily. The decision package is also contingent on the passage and approval of LC # 125.

Department of Transportation-5401

Aeronautics Program-40



Program Description - The Montana Aeronautics Division: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding of airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations; and fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 4) coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division's purpose, it administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves in a liaison capacity between the State of Montana and various entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines to assure the retention and continuation of airline service to the rural communities of the state. The division is also responsible for operation of the air carrier airport at West Yellowstone and for 14 other state-owned airports. Montana Aeronautics Division is authorized by 2-15-2501(2), MCA; Title 67, MCA; and various federal laws.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Pilots registered | 2100 | 1980 | 1840 | 1860 | 1880 | 1890 |
| Aircraft registered | 3372 | 3275 | 3393 | 3395 | 3395 | 3395 |
| Search and Rescue incidences | 64 | 95 | 80 | 95 | 95 | 95 |
| Loans administered | 7 | 6 | 14 | 18 | 20 | 22 |
| Grants distributed | 20 | 23 | 34 | 43 | 50 | 58 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 10.00 | 0.00 | 0.00 | 10.00 | 0.00 | 0.00 | 10.00 |
| Personal Services | 452,378 | 25,135 | 0 | 477,513 | 23,935 | 0 | 476,313 |
| Operating Expenses | 398,010 | 535,952 | 2,437,750 | 3,371,712 | (99,220) | 155,750 | 454,540 |
| Equipment | 11,233 | 0 | 350,000 | 361,233 | 0 | 0 | 11,233 |
| Grants | 517,664 | 515,336 | 0 | 1,033,000 | (517,664) | 0 | 0 |
| Transfers | 18,221 | 0 | 0 | 18,221 | 0 | 0 | 18,221 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 26,000 | 26,000 |
| Total Costs | \$1,397,506 | \$1,076,423 | \$2,787,750 | \$5,261,679 | (\$592,949) | \$181,750 | \$986,307 |
| State/Other Special | 1,279,347 | 535,036 | 507,987 | 2,322,370 | (516,847) | 39,487 | 801,987 |
| Federal Special | 118,159 | 541,387 | 2,279,763 | 2,939,309 | (76,102) | 142,263 | 184,320 |
| Total Funds | \$1,397,506 | \$1,076,423 | \$2,787,750 | \$5,261,679 | (\$592,949) | \$181,750 | \$986,307 |

Department of Transportation-5401- Aeronautics Program-40

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$9,280 | \$0 |
| FY07 | \$9,280 | \$0 |

PL- 210 – Overtime Pay and Board Per Diem-

This request is to reestablish base levels of overtime and differential pay totaling \$3,780, and per diem for the Aeronautics Board in the amount of \$5,500 per year. These amounts are biennial and funded with state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$515,336 | \$0 |
| FY07 | (\$517,664) | \$0 |

PL- 212 - Grants – Biennial-

This request includes adjustments to both years of the biennium to create biennial appropriations for the Aeronautics Division's grant programs. The state special revenue adjustments are for the safety and development airport grants, commercial airport pavement preservation grants, and rural airport courtesy car grants. The increase in FY 2006 and decrease in FY 2007 are technical adjustments to create the biennial appropriation.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$218,711 | \$0 |
| FY07 | (\$131,289) | \$0 |

PL- 213 - System Plan – Biennial-

The update of the Montana State Aviation System Plan is a cooperative effort between the Aeronautics Division and the Federal Aviation Administration. This report is intended to identify the current resources and trends in the state's aviation system. This study is 95 percent federally funded and 5 percent state funded. The FY 2006 increase will create a \$350,000 biennial appropriation. The reduction of \$131,289 is a technical adjustment to create the biennial appropriation in the first year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,115 | \$0 |
| FY07 | \$30,115 | \$0 |

PL- 214 - Program/Service Adjustments -

The total request for the 2007 biennium is \$60,230, and consists of \$51,348 state special revenue and \$8,882 federal special revenue. This decision package includes funding for: maintenance on state owned airports, fuel increases due to federal contract requirements, equipment upgrades, education services, search and rescue operations, increased cost due to new facilities, board approved brochures, and other program/service adjustments.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$285,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 215 - West Yellowstone Airport – Biennial -

The total request for the biennium is \$300,000 and is a biennial appropriation. This consists of \$285,000 federal special revenue and \$15,000 of proprietary funds. The proprietary portion is included in the proprietary budget shown in Volume 3, Section P of the Executive Budget. The funding will be used for the West Yellowstone phase II airport improvement projects.

Department of Transportation-5401

Aeronautics Program-40

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,399,750 | \$0 |
| FY07 | \$149,750 | \$0 |

NP- 207 - Runway Rehab Lincoln Airport -

The Lincoln Airport runway is in need of a total rehabilitation of the runway pavement to maintain Federal Aviation Administration standards. This request is for \$2,549,500, of which, \$2,422,026 is federal revenue and \$127,474 is state special revenue. The division received \$1.8 million of one-time-only funding for the 2005 biennium. Due to FAA mandates, the airport had to undergo a master plan, airport layout plan, feasibility study, and environmental assessment before moving to the design and construction phase. This requirement has lengthened the time of completion for the project that began in the summer of 2004 and will be completed in the fall of 2005. Therefore, the Aeronautics division is requesting the budget authority be re-appropriated to allow the project to be completed.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$32,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 208 - Aircraft Engine and Propeller – Biennial-

The Aeronautics Division owns and operates a 1975 A-36 Beechcraft Bonanza aircraft. The aircraft engine and propeller are recommended by the manufacturer to be overhauled when the hours flown reaches 1,700. The aircraft engine and propeller will exceed the recommended 1,700 hours flight time in the next biennium and must be overhauled. The division is requesting a biennial appropriation to be established in the first year of the biennium in the amount of \$32,000 state special revenue.

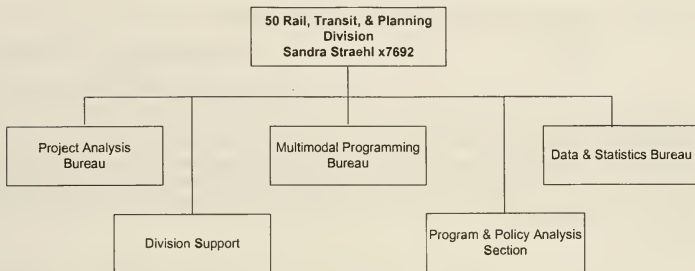
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$356,000 | \$0 |
| FY07 | \$32,000 | \$0 |

NP- 209 - Aircraft Purchase -

The division owns a 1966 Cessna T-41, ex-military trainer aircraft. This aircraft has 9,200 hours on the airframe and power plant. The aircraft is used primarily for air search and rescue. The division is the first response in case of a missing or downed aircraft per an agreement with the Governor and the United States Air Force. The division requests to sell the Cessna T-41 and purchase a Cessna Turbo 182, model year 2000 or greater. The Cessna Turbo 182 is a comparable aircraft capable of maximum performance in slow flight for minimum controllable airspeed, in the mountains, at backcountry airstrips, at high elevations and for short field takeoff and landing capability. The value of the T-41 is approximately \$60,000 and the remaining \$290,000 would be borrowed. The loan would be repaid over a 20-year period. The funding request is \$388,000 of state special revenue with \$350,000 for the purchase of the aircraft and \$38,000 for insurance and the repayment of the loan.

Department of Transportation-5401

Transportation Planning Division-50



Program Description - The Transportation Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; and 3) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US DOT, the Surface Transportation Board, and others. This planning results in a program of projects which includes buses for transit systems, street and highway improvements, railroad track rehabilitation, transportation enhancements for non-motorized use, and beautification improvements. The division is authorized by 7-14-102, 15-70-101, Title 60, Chapters 3 & 11, and Title 61, Chapter 2, part 1, MCA.

Program Indicators –

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Federal aid resources for Montana which lapsed and were made available to other states | 0% | 0% | 0% | 0% | 0% | 0% |
| High priority goals and objectives in the DOT long-range plan which progressed significantly or were completed | 96% | 96% | 94% | 95% | 95% | 95% |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 59.10 | 0.00 | 0.00 | 59.10 | 0.00 | 0.00 | 59.10 |
| Personal Services | 2,635,132 | 138,566 | 0 | 2,773,698 | 139,721 | 0 | 2,774,853 |
| Operating Expenses | 1,567,249 | 42,965 | 375,000 | 1,985,214 | 42,947 | 0 | 1,610,196 |
| Equipment | 22,922 | 0 | 0 | 22,922 | 0 | 0 | 22,922 |
| Grants | 4,872,228 | 1,271,007 | 0 | 6,143,235 | 1,271,007 | 0 | 6,143,235 |
| Total Costs | \$9,097,531 | \$1,452,538 | \$375,000 | \$10,925,069 | \$1,453,675 | \$0 | \$10,551,206 |
| State/Other Special | 1,264,590 | 1,000,335 | 75,000 | 2,339,925 | 989,838 | 0 | 2,254,428 |
| Federal Special | 7,832,941 | 452,203 | 300,000 | 8,585,144 | 463,837 | 0 | 8,296,778 |
| Total Funds | \$9,097,531 | \$1,452,538 | \$375,000 | \$10,925,069 | \$1,453,675 | \$0 | \$10,551,206 |

Department of Transportation-5401 Transportation Planning Division-50

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$145,989 | \$0 |
| FY07 | \$145,989 | \$0 |

PL- 5001 - SB 448 Transade -

Funding for TRANS-ADE (Transportation Assistance for the Disabled and Elderly) is derived from a 25 cent fee collected on all vehicle registrations with the exception of trailers and semi-trailers. Projected expenditures are \$340,000 per year and are based on historical fee collection for the last 2.5 years. The base year expenditures of \$194,011 are low due to the program gear-up in FY 2004. This request is to fulfill the purpose of SB 448, passed by the 2001 Legislature, to offer operating assistance to transportation providers for the disabled and elderly. The request is \$145,989 state special revenue each year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,898 | \$0 |
| FY07 | \$2,898 | \$0 |

PL- 5005 - Overtime and Differential -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial adjustment is \$5,796, of which, \$1,912 of highway state special revenue and 3,884 of federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$31,821 | \$0 |
| FY07 | \$31,771 | \$0 |

PL- 5006 - Equipment Rental -

The rate schedule, required in the budgeting process as a means of providing adequate revenue for the Equipment Program, computes an adjustment to the users of the equipment. The biennial adjustment is \$12,718 of highway state special revenue and \$50,874 of federal revenue for a total of \$63,592.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$11,384 | \$0 |
| FY07 | \$11,384 | \$0 |

PL- 5008 - Accrual Accounting Error -

This request is to restore \$11,384 to the program in each year of the biennium. A prior year accounting correction in an accrual was charged to a one-time-only project in the base year. The biennial adjustment is \$22,768 with \$4,554 of highway state special revenue and \$18,214 of federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$969,101 | \$0 |
| FY07 | \$969,101 | \$0 |

PL- 5009 - FTA Grants -

The Federal Transit Administration's (FTA) section 5309-capital assistance and 5311-operating program provides funds for transit capital assistance and operating projects. Section 5309 projects are submitted through and supported by the Montana congressional delegation. The capital assistance federal funds are to be used for the procurement and/or construction of transit facilities and the purchase of transit vehicles. Section 5311 operating federal funds are to be used for the operation of transit vehicles in rural areas. The biennial adjustment is \$1,938,202 of federal special revenue.

Department of Transportation-5401 **Transportation Planning Division-50**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$155,917 | \$0 |
| FY07 | \$155,917 | \$0 |

PL- 5010 - FHWA Metropolitan Planning Grant -

The Metropolitan Planning grant is given to Billings, Great Falls, and Missoula to conduct transportation planning in each urbanized area. The planning process requirements include updating each area's long-range transportation plan, which must be updated every three years in order for state and local projects funded with Title 23, U.S.C. funds to advance. A greater number of plan updates will be developed and are due in FY 2006 and FY 2007 than were developed in the base year. The biennial adjustment is \$311,834, of which \$62,366 is highway state special revenue and \$249,468 is federal revenue.

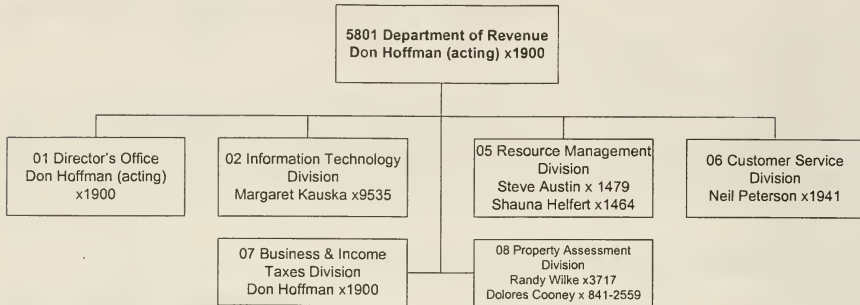
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$375,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 5007 - Corridor Studies -

This request is to fund various corridor studies intended to evaluate the existing transportation system within and along a specific corridor, and identify how the system could be improved to meet existing and long-term needs. The biennial adjustment is \$375,000 with \$75,000 in highway state special revenue and \$300,000 in federal special revenue.

Department of Revenue-5801



Mission Statement - The Department of Revenue provides accurate and timely information to all our customers, and applies tax laws fairly and consistently, with a competent workforce committed to success.

Statutory Authority - Titles 2, 15, 16, 39, MCA

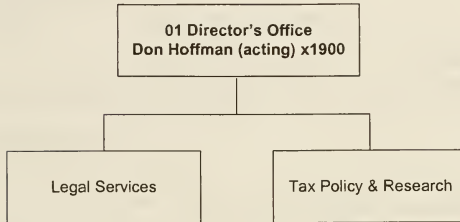
Reorganization - In FY 2004, the Department of Revenue reorganized the Compliance Valuation & Resolution program into two programs. The new programs are the Business & Income Taxes Division and the Property Assessment Division. This reorganization was completed to improve the effectiveness and efficiencies of each of the individual programs. The functions of the programs are discussed further under the applicable program.

Executive Recommended Legislation - SB 294, passed by the 2003 Legislature, required counties to send the 95-mill and 6-mill levy portion of protested property tax payments made by centrally assessed companies to the state. As the settlement of large protests takes considerable time, and it is not possible to predict the year the protest will be settled or the resolution of the settlement, the Governor has prepared a bill to put half of the protested property tax payments received by the state into a state special revenue account so that a reserve will be there to pay any refunds to the companies due upon resolution of the protest. At this time, it is estimated that the general fund portion of the centrally assessed protested property tax balance will be approximately \$8.1 million at the end of FY 2005. The proposed bill, LC# 166, will contain a \$4 million general fund appropriation for this purpose.

| Agency Proposed Budget | | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 609.53 | (9.45) | 12.00 | 612.08 | (9.50) | 12.00 | 612.03 | |
| Personal Services | 24,716,824 | (688,939) | 960,000 | 24,987,885 | (586,864) | 0 | 24,129,960 | |
| Operating Expenses | 9,381,179 | 3,866,110 | 3,150,000 | 16,397,289 | 2,433,987 | 2,750,000 | 14,565,166 | |
| Equipment | 93,986 | 0 | 40,000 | 133,986 | 0 | 0 | 93,986 | |
| Debt Service | 2,452 | 16,000,000 | 0 | 16,002,452 | 0 | 0 | 2,452 | |
| Total Costs | \$34,194,441 | \$19,177,171 | \$4,150,000 | \$57,521,612 | \$1,847,123 | \$2,750,000 | \$38,791,564 | |
| General Fund | 29,279,359 | 21,056,482 | 4,150,000 | 54,485,841 | 3,714,199 | 2,750,000 | 35,743,558 | |
| State/Other Special | 549,014 | 72,907 | 0 | 621,921 | 83,316 | 0 | 632,330 | |
| Federal Special | 2,362,285 | (2,063,864) | 0 | 298,421 | (2,060,783) | 0 | 301,502 | |
| Proprietary | 2,003,783 | 111,646 | 0 | 2,115,429 | 110,391 | 0 | 2,114,174 | |
| Total Funds | \$34,194,441 | \$19,177,171 | \$4,150,000 | \$57,521,612 | \$1,847,123 | \$2,750,000 | \$38,791,564 | |

Department of Revenue-5801

Director's Office-01



Program Description - The Director's Office supports the agency's director and is composed of six work units. The basic function for each unit is: (1) Legal Services supervises the overall legal efforts of the department, which includes rules, policies and the Office of Dispute Resolution. (2) Tax Policy & Research is responsible for the state revenue legislation and legislative proposals affecting the department, and department economic data analysis. (3) The budget analyst ensures the consolidation of the department budget. (4) Communications manages the department's communication activities, including information dissemination, media relations, document editing, stakeholder relations, website maintenance, public involvement and special events. (5) Internal Quality Assurance is responsible for providing management with information about the adequacy and the effectiveness of its system of internal controls and quality of its operations with established standards and management expectations. (6) Administrative Support assists all units in the Director's Office with administrative responsibilities including, preparing for legislative committees, transcribing legal hearings, editing correspondence and finalizing mass mailings.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 29.00 | (1.00) | 0.00 | 28.00 | (1.00) | 0.00 | 28.00 |
| Personal Services | 1,657,995 | (111,183) | 0 | 1,546,812 | (110,683) | 0 | 1,547,312 |
| Operating Expenses | 670,634 | 3,058,951 | 0 | 3,729,585 | 887,057 | 0 | 1,557,691 |
| Debt Service | 0 | 16,000,000 | 0 | 16,000,000 | 0 | 0 | 0 |
| Total Costs | \$2,328,629 | \$18,947,768 | \$0 | \$21,276,397 | 776,374 | \$0 | \$3,105,003 |
| General Fund | 2,177,182 | 19,071,083 | 0 | 21,248,265 | 900,489 | 0 | 3,077,671 |
| Federal Special | 121,280 | (120,480) | 0 | 800 | (121,280) | 0 | 0 |
| Proprietary | 30,167 | (2,835) | 0 | 27,332 | (2,835) | 0 | 27,332 |
| Total Funds | \$2,328,629 | \$18,947,768 | \$0 | \$21,276,397 | \$776,374 | \$0 | \$3,105,003 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$120,480 |
| FY07 | \$0 | \$120,480 |

PL- 101 - Replacement of Federal Funds - UI Transfer -

Due to the transfer of Unemployment Insurance back to the Department of Labor and Industry and an associated loss of federal funds for administrative costs during the base year, the department is requesting a general fund replacement in the amount of \$120,480 each year of the biennium.

**Department of Revenue-5801
Director's Office-01**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$63,826) | (\$63,826) |
| FY07 | (\$63,643) | (\$63,643) |

PL- 104 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.00 FTE and nearly \$64,000 of general fund are removed each year from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$16,000,000 | \$16,000,000 |
| FY07 | \$0 | \$0 |

PL- 105 – Pay Off the IRIS Computer System Loan – RST/OTO -

The Executive recommends paying off the loan made from the Board of Investments to fund the IRIS computer system. The loan balance is approximately \$16 million. As a result of repaying the loan, the department will be reducing approximately \$3 million per year in payments for the next 5.5 years. The reduction of these payments eliminates the assessment against personal income tax revenue and results in approximately \$3 million of additional general fund revenue each year of the biennium. This appropriation is general fund and one-time-only and restricted. This proposal also addresses an issue raised by the Legislative Auditor.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,000,000 | \$3,000,000 |
| FY07 | \$1,000,000 | \$1,000,000 |

PL- 106 – Replace the Remainder of the POINTS System – RST/OTO -

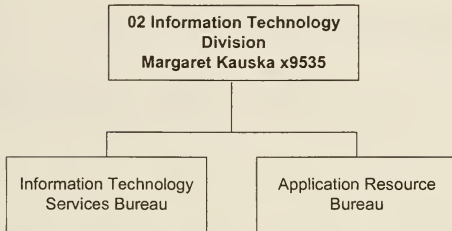
The budget includes a \$4,000,000 one-time-only restricted and biennial general fund appropriation to shut down the POINTS system. This funding will allow the department to contract for the implementation of the remaining tax types including: consumer counsel, contractor's gross receipts, electrical energy, metal mines, nursing facility beds, public service regulation, resource indemnity, retail communication excise, wholesale energy transaction, 911, abandon property, coal gross proceeds, coal severance, other tobacco products, telephone device for the deaf (TDD), and liquor (beer, wine, and hard cider).

Language Recommendations –

"Any funds remaining from the appropriation authorized in Section 11(2), Chapter 597, Laws of 2003 are re-appropriated to the Department of Revenue for the 2007 biennium for the stated purpose."

"Any funds remaining from the appropriation authorized in section 12 (1), Chapter 597, Laws of 2003 are re-appropriated to the Department of Revenue for the 2007 biennium for the stated purpose."

Department of Revenue-5801 Information Technology-02



Program Description - The Information Technology Division provides service in the area of data, applications, technology support, and user assistance, all of which enables the department to meet its business objectives.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 31.00 | (2.00) | 0.00 | 29.00 | (2.00) | 0.00 | 29.00 |
| Personal Services | 1,410,743 | 142,308 | 0 | 1,553,051 | 141,571 | 0 | 1,552,314 |
| Operating Expenses | 1,394,083 | 379,993 | 0 | 1,774,076 | 1,019,833 | 0 | 2,413,916 |
| Equipment | 5,688 | 0 | 0 | 5,688 | 0 | 0 | 5,688 |
| Total Costs | \$2,810,514 | \$522,301 | \$0 | \$3,332,815 | \$1,161,404 | \$0 | \$3,971,918 |
| General Fund | 2,530,552 | 733,933 | 0 | 3,264,485 | 1,373,036 | 0 | 3,903,588 |
| Federal Special | 215,490 | (215,490) | 0 | 0 | (215,490) | 0 | 0 |
| Proprietary | 64,472 | 3,858 | 0 | 68,330 | 3,858 | 0 | 68,330 |
| Total Funds | \$2,810,514 | \$522,301 | \$0 | \$3,332,815 | \$1,161,404 | \$0 | \$3,971,918 |

| Program Indicators - | | | | | | |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
| Customer Intake | | | | | | |
| Call Center (calls rec'd) | 190,049 | 171,160 | 180,000 | 180,000 | 180,000 | |
| Cigarette Stamps Issued | 63,733,000 | 66,899,000 | 59,491,747 | 59,000,000 | 59,000,000 | |
| One Stop Licenses | 7,500 | 9,548 | 6,235 | 6,300 | 6,100 | |
| Abandoned Property Claims | 1,747 | 2,023 | 2,323 | 2,500 | 2,700 | |
| Liquor Licenses Issued | 2,210 | 2,157 | 2,233 | 2,300 | 2,400 | |
| Accounts Receivable & Collections | | | | | | |
| Amount Collected | N/A | 9,104,411 | 16,801,856 | 18,000,000 | 22,000,000 | |
| Collection Actions | N/A | 4,322 | 5,078 | 5,000 | 5,000 | |
| Processing & Retention Operations | | | | | | |
| Electronically Filed Income Tax Returns | 140,034 | 168,231 | 193,350 | 215,500 | 237,050 | |
| Paper Filed Income Tax Returns | 430,043 | 434,229 | 430,192 | 431,000 | 431,000 | |
| Income Tax Returns Filed Electronically | 33% | 39% | 45% | 50% | 55% | |

Department of Revenue-5801 Information Technology-02

| | | | | | | |
|--|---------------|---------------|------------------------|------------------------|------------------------|--------------|
| Refund Timeliness (days) | 31 | 29 | 30 | 35 | 35 | |
| Individual Income Tax Payments Processed | 784,663 | 960,869 | 907,704 | 900,000 | 900,000 | |
| Liquor Distribution | | | | | | |
| Liquor Cases Distributed | 463,861 | 490,153 | 513,885 | 538,885 | 563,885 | 588,885 |
| Liquor Service Level | 99.45% | 99.38% | 99.14% | 99% | 99% | 99% |
| Liquor Accuracy | 99.735% | 99.961% | 99.915% | 99% | 99% | 99% |
| Human Resources | | | | | | |
| Employee Retention | 90% | 90% | 90% | 90% | 90% | 90% |
| Financial Management | | | | | | |
| HB124 Entitlement Share Distributions | \$79,346,718 | \$80,398,028 | \$82,299,523 | \$84,775,437 | Pending | Pending |
| Oil and Natural Gas Production Taxes | \$50,303,611 | \$73,389,377 | \$92,676,049 | \$97,000,000 | Pending | Pending |
| Liquor Vendor Payments | \$34,731,624 | \$36,795,086 | \$39,377,111 | \$42,506,401 | \$45,245,163 | \$48,160,388 |
| Business and Income Taxes | | | | | | |
| Audit Collections | 24,730,000 | 34,517,000 | 46,623,000 | 25,808,000 | 30,308,000 | 30,808,000 |
| Property Tax | | | | | | |
| Property Tax Collections | \$826,840,237 | \$883,510,356 | Estimate not available | Estimate not available | Estimate not available | |
| Improved Property Parcels | 452,640 | 466,625 | 480,610 | 495,030 | 509,880 | |
| Unimproved Property Parcels | 96,275 | 94,270 | 92,265 | 91,420 | 90,450 | |
| Unimproved Property Acres | 54,431,600 | 54,245,685 | 54,059,770 | 53,859,770 | 53,659,770 | |
| Exempt Parcels | 105,700 | 106,000 | 106,329 | 106,630 | 107,000 | |
| Personal Property Accounts | 103,835 | 104,885 | 109,945 | 112,900 | 115,000 | |
| Number of Assessments | 191,990 | *662,750 | 162,289 | 164,000 | 166,000 | |
| Number of CTAB Appeals Filed | 72 | * 360 | 78 | | | |
| Number of STAB Appeals Filed | 24 | * 101 | | | | |

* Reappraisal year – new values used for this tax year

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$215,490 |
| FY07 | \$0 | \$215,490 |

PL- 201 - Replacement of Federal Funds - UI Transfer -

Due to the transfer of Unemployment Insurance back to the Department of Labor and Industry and an associated loss of federal funds for administrative costs during the base year, the department is requesting a general fund replacement in the amount of \$215,490 each year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$491,665 | \$491,665 |
| FY07 | \$1,131,414 | \$1,131,414 |

PL- 202 - IRIS Operating Costs -

The Integrated Revenue Information System (IRIS) was not in place during the base year. The department is requesting funding for on going operating costs for the new system. These include costs paid to the Department of Administration for hosting data on their mid-tier servers, to GenTax for vendor maintenance and support services, and for additional printing and mailing costs of account receivable statements required to be mailed monthly with the new system. The department was able to identify many efficiencies resulting in cost savings by moving to the new system. This request reflects the net effect of the increase/decrease of general fund in the amounts of \$491,665 in FY 2006 and \$1,131,414 in FY 2007.

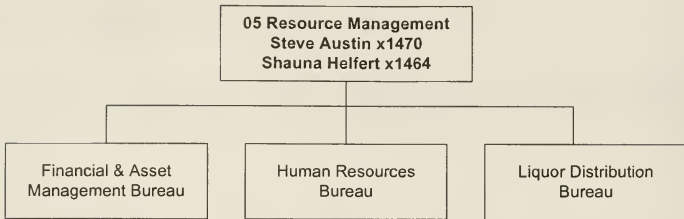
Department of Revenue-5801
Information Technology-02

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$88,417) | (\$88,417) |
| FY07 | (\$88,172) | (\$88,172) |

PL- 203 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 2.00 FTE and \$88,417 in FY 2006 and \$88,172 in FY 2007 of general fund are removed from the budget permanently.

Department of Revenue-5801 **Resource Management-05**



Program Description - The Resource Management Division provides service and support to the department by integrating human resources, payroll and benefits, education and training, liquor distribution, accounting and facilities management.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 37.50 | (1.00) | 0.00 | 36.50 | (1.00) | 0.00 | 36.50 |
| Personal Services | 1,582,022 | 98,850 | 0 | 1,680,872 | 98,046 | 0 | 1,680,068 |
| Operating Expenses | 471,967 | 16,323 | 0 | 488,290 | 14,555 | 0 | 486,522 |
| Equipment | 57,121 | 0 | 0 | 57,121 | 0 | 0 | 57,121 |
| Total Costs | \$2,111,110 | \$115,173 | \$0 | \$2,226,283 | \$112,601 | \$0 | \$2,223,711 |
| General Fund | 862,809 | 128,332 | 0 | 991,141 | 127,015 | 0 | 989,824 |
| Federal Special | 106,677 | (106,677) | 0 | 0 | (106,677) | 0 | 0 |
| Proprietary | 1,141,624 | 93,518 | 0 | 1,235,142 | 92,263 | 0 | 1,233,887 |
| Total Funds | \$2,111,110 | \$115,173 | \$0 | \$2,226,283 | \$112,601 | \$0 | \$2,223,711 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$106,677 |
| FY07 | \$0 | \$106,677 |

PL- 501 - Replacement of Federal Funds - UI Transfer -

Due to the transfer of Unemployment Insurance back to the Department of Labor and Industry and an associated loss of federal funds for administrative costs during the base year, the department is requesting general fund replacement in the amount of \$106,677 each year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$63,807) | (\$63,807) |
| FY07 | (\$63,622) | (\$63,622) |

PL- 505 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.00 FTE and \$63,807 in FY 2006 and \$63,622 in FY 2007 of general fund are removed from the budget permanently.

Department of Revenue-5801 Resource Management-05

Language Recommendations –

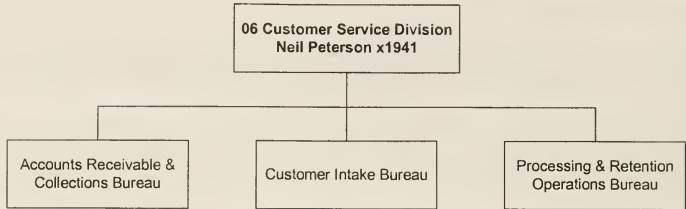
"Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profit and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in amounts not to exceed \$78,766,985 in fiscal year 2006 and \$83,497,337 in fiscal year 2007."

"In the event the department is unable to meet statutory service levels because of the increase in demand for liquor products, the department may hire additional temporary employees or pay overtime, whichever is determined to be the more cost-effective, to maintain required service levels to stores. In fiscal year 2006 and in fiscal year 2007, the department is appropriated not more than \$40,000 each year for additional costs from the liquor enterprise fund (06005) to meet the service level requirements."

"In the liquor division, upon a termination that requires a payout of accrued leave balances, liquor division proprietary funds are appropriated from the liquor enterprise fund (06005) to the department in the amount equal to the payout of the accrued leave balances, not to exceed \$30,000 for each of fiscal years 2006 and 2007."

Department of Revenue-5801

Customer Service Division-06



Program Description - The Customer Service Division is designed to provide centralized and consistent customer service, revenue collection, and document processing for the department and for state agency partners. The basic function of each bureau is: 1.) Customer Intake is the initial contact point for customers and is the central point for the development and design of "user friendly" forms and instructions. Customer information consultants are supported by up-to-date technology, enabling them to answer customer inquiries for all tax types. 2.) Processing & Retention Operations is responsible for electronic commerce, document capture, remittance processing, records management, direct deposit of cash receipts and revenue, and mail distribution. 3.) Accounts Receivable & Collections is a single point of contact for debtors and is responsible for consistent delinquent account collection and enforcement activities.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 108.25 | (1.00) | 0.00 | 107.25 | (1.00) | 0.00 | 107.25 |
| Personal Services | 3,933,401 | (441,850) | 0 | 3,491,551 | (361,351) | 0 | 3,130,200 |
| Operating Expenses | 2,354,053 | (55,418) | 0 | 2,298,635 | (57,940) | 0 | 2,240,695 |
| Equipment | 18,162 | 0 | 0 | 18,162 | 0 | 0 | 18,162 |
| Total Costs | \$6,305,616 | (\$497,268) | \$0 | \$5,808,348 | (\$419,291) | \$0 | \$5,389,057 |
| General Fund | 4,511,183 | (1,301) | 0 | 4,509,882 | 70,782 | 0 | 4,580,664 |
| State/Other Special | 359,397 | 62,044 | 0 | 421,441 | 67,938 | 0 | 489,379 |
| Federal Special | 667,516 | (575,116) | 0 | 92,400 | (575,116) | 0 | -482,716 |
| Proprietary | 767,520 | 17,105 | 0 | 784,625 | 17,105 | 0 | 801,730 |
| Total Funds | \$6,305,616 | (\$497,268) | \$0 | \$5,808,348 | (\$419,291) | \$0 | \$5,389,057 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$51,076) | \$188,878 |
| FY07 | (\$51,076) | \$188,878 |

PL- 601 - Replacement of Federal Funds - UI Transfer -

Due to the transfer of Unemployment Insurance back to the Department of Labor and Industry and an associated loss of federal funds for administrative costs during the base year, the department is requesting general fund replacement in the amount of \$188,878 each year of the biennium.

**Department of Revenue-5801
Customer Service Division-06**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$27,537) | (\$27,537) |
| FY07 | (\$27,467) | (\$27,467) |

PL- 602 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.00 FTE and \$27,537 in FY 2006 and \$27,467 in FY 2007 of general fund are removed from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$161,892) | (\$161,892) |
| FY07 | (\$76,158) | (\$76,158) |

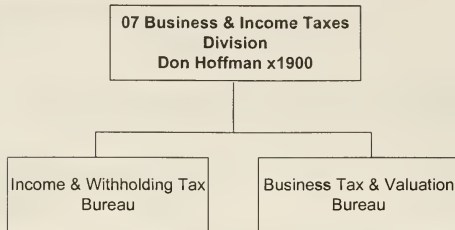
PL- 603 - Reductions in Seasonal Returns Processing Staff -

The budget includes a reduction in personal services funding for seasonal help in the Customer Service Division, Processing and Retention Operations unit. The funding reduction requires the department to process returns during peak times with existing staff and a reduced temporary work force. The general fund amounts reduced are \$161,892 in FY 2006 and \$76,158 in FY 2007.

Language Recommendations –

"The Department of Revenue is appropriated up to \$475,000 of general fund for the 2007 biennium. Funds are restricted for the payment of commission expenses charged by the bad debt collection agency."

**Department of Revenue-5801
Business And Income Taxes Division-07**



Program Description - Business and Income Taxes Division oversees audits and verifies tax-paying entities are in compliance with the law.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 102.78 | (1.30) | 0.00 | 101.48 | (1.35) | 0.00 | 101.43 |
| Personal Services | 4,491,320 | (41,697) | 0 | 4,449,623 | (24,270) | 0 | 4,467,050 |
| Operating Expenses | 981,685 | 8,347 | 0 | 990,032 | 9,086 | 0 | 990,771 |
| Equipment | 13,000 | 0 | 0 | 13,000 | 0 | 0 | 13,000 |
| Total Costs | \$5,486,005 | (\$33,350) | \$0 | \$5,452,655 | (\$15,184) | \$0 | \$5,470,821 |
| General Fund | 4,091,878 | 1,005,076 | 0 | 5,096,954 | 1,014,846 | 0 | 5,106,724 |
| State/Other Special | 142,805 | 7,675 | 0 | 150,480 | 12,190 | 0 | 154,995 |
| Federal Special | 1,251,322 | (1,046,101) | 0 | 205,221 | (1,042,220) | 0 | 209,102 |
| Total Funds | \$5,486,005 | (\$33,350) | \$0 | \$5,452,655 | (\$15,184) | \$0 | \$5,470,821 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$182,391) | \$67,528 |
| FY07 | (\$182,391) | \$67,528 |

PL- 701 - Replacement of Federal Funds - UI Transfer -

Due to the transfer of Unemployment Insurance back to the Department of Labor and Industry and an associated loss of federal funds for administrative costs during the base year, the department is requesting general fund replacement in the amount of \$67,528 each year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,520 | \$0 |
| FY07 | \$30,520 | \$0 |

PL- 702 - Funding Federal Royalty Costs at FY 2004 Level -

The department requests \$30,520 each year of the biennium in federal funding for operating costs associated with the Federal Royalty Audit Program.

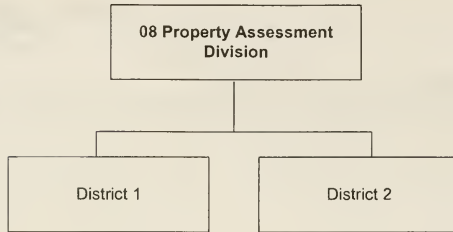
Department of Revenue-5801
Business And Income Taxes Division-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$47,954) | (\$47,954) |
| FY07 | (\$49,251) | (\$49,251) |

PL- 703 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.35 FTE and \$47,954 in FY 2006 and \$49,251 in FY 2007 of general fund are removed from the budget permanently.

Department of Revenue-5801 Property Assessment Division-08



Program Description - The Property Assessment Division is responsible for the valuation and assessment of real and personal property throughout the state for property tax purposes. The division is comprised of a central office located in Helena and six regions. There is a local DOR office located in each of the county seats within the regional areas.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 301.00 | (3.15) | 12.00 | 309.85 | (3.15) | 12.00 | 309.85 |
| Personal Services | 11,641,343 | (335,367) | 960,000 | 12,265,976 | (330,177) | 0 | 11,311,166 |
| Operating Expenses | 3,508,757 | 457,914 | 3,150,000 | 7,116,671 | 561,396 | 2,750,000 | 6,820,153 |
| Equipment | 15 | 0 | 40,000 | 40,015 | 0 | 0 | 15 |
| Debt Service | 2,452 | 0 | 0 | 2,452 | 0 | 0 | 2,452 |
| Total Costs | \$15,152,567 | \$122,547 | \$4,150,000 | \$19,425,114 | \$231,219 | \$2,750,000 | \$18,133,786 |
| General Fund | 15,105,755 | 119,359 | 4,150,000 | 19,375,114 | 228,031 | 2,750,000 | 15,333,786 |
| State/Other Special | 46,812 | 3,188 | 0 | 50,000 | 3,188 | 0 | 50,000 |
| Total Funds | \$15,152,567 | \$122,547 | \$4,150,000 | \$19,425,114 | \$231,219 | \$2,750,000 | \$18,133,786 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$374,358 | \$374,358 |
| FY07 | \$396,261 | \$396,261 |

PL- 801 - Field Office Rent -

Provisions in 15-8-102, MCA, give counties the ability to charge the department rent for space that the department occupies in the county offices. The rate cannot exceed the amount charged by the Department of Administration to other state agencies. This request is for payment of rent for space occupied in county courthouses and for office space occupied that is not currently in the base. The Executive recommends \$374,358 general fund in FY 2006 and \$396,261 general fund in FY 2007 for the rent payments to counties.

Department of Revenue-5801
Property Assessment Division-08

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$90,378 | \$90,378 |
| FY07 | \$172,080 | \$172,080 |

PL- 802 - Request for Leased Vehicles -

The department has a fleet of 155 vehicles, of which, 60 are owned by the department and 95 are leased from the State Motor Pool. These vehicles are used for field inspections, property appraisals, audits of in-state taxpayers, and travel for trainings and meetings. The department owned vehicles are old and have high mileage. This request is to replace department owned vehicles with Motor Pool leased vehicles. The department will replace 25 vehicles in FY 2006 costing \$90,378 and an additional 24 vehicles in FY 2007 totaling \$172,080.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$144,004) | (\$144,004) |
| FY07 | (\$143,618) | (\$143,618) |

PL- 803 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 3.15 FTE and \$144,004 in FY 2006 and \$143,618 in FY 2007 of general fund are removed from the budget permanently.

-----**New Proposals**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,750,000 | \$2,750,000 |
| FY07 | \$2,750,000 | \$2,750,000 |

NP- 804 – Property Tax Computer System Replacement – RST/OTO -

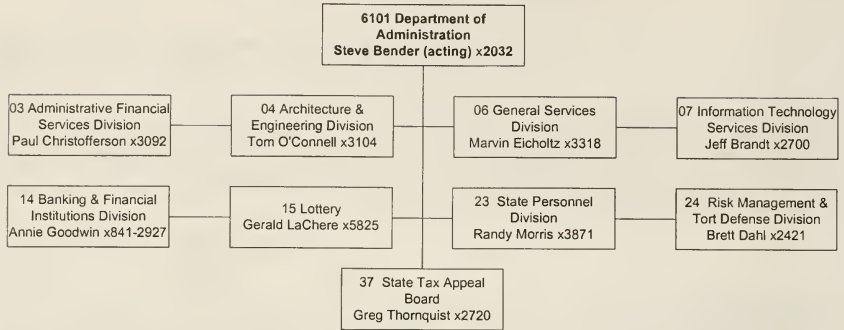
The Department of Revenue is responsible for the valuation and assessment of all real and personal property in the state for property tax purposes. This process involves over 850,000 pieces of real and personal property and over one billion dollars in annual property tax collections. Use of the current obsolete property tax system technology now places the entire property tax system in serious jeopardy. Therefore, the Executive recommends a \$5.5 million restricted, one-time-only, biennial general appropriation to fund the development and implementation of a new technologically sound property tax computer system. The new system would interface with IRIS and provide increased functionality for the other taxes the department administers.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,400,000 | \$1,400,000 |
| FY07 | \$0 | \$0 |

NP- 805 – Agricultural/Forest Land Classification and Valuation System – RST/OTO -

The Executive recommends a \$1.4 million restricted, one-time-only, biennial general fund appropriation for an agricultural/forest land classification and valuation system. The system would come online for the 2009 tax year. The proposed system would update Montana's current agricultural and forest land classification and productive grading system, and bring the state into compliance with current law that requires classification and grading of agricultural and forest land be kept current and that it be "equitable and uniform." With the current system, the department has not been able to maintain current classifications and grade determinations for these lands.

Department of Administration-6101



Mission Statement - The Department of Administration seeks to deliver superior and responsive services to agencies, employees and the public while minimizing costs and maximizing effectiveness. The department strives to continuously improve services delivery by; continuing to refine procedures, fostering government coordination and cooperation, promoting access to services, and developing innovating uses for emerging technologies.

Statutory Authority - Title 2, Chapters 7, 15, 17 and 18; Title 15, Chapter 2; Title 17; Title 18; Title 23, Chapter 7, MCA.

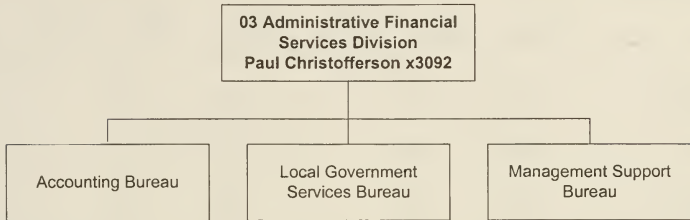
Language –

"There is appropriated from the general fund to the department for payments to the Montana highway patrol pension fund the amount required for this transfer, not to exceed \$350,000 for each fiscal year. "

"There is appropriated from the general fund to the department the amount required to be refunded to the federal government for their participation in the Workers' Compensation Old Fund transfer to the general fund, not to exceed \$300,000 in fiscal year 2006."

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 151.07 | 2.65 | 4.00 | 157.72 | 2.65 | 4.00 | 157.72 |
| Personal Services | 6,995,736 | 706,415 | 220,161 | 7,922,312 | 704,786 | 221,094 | 7,921,616 |
| Operating Expenses | 8,108,925 | 948,648 | 4,889,000 | 13,946,573 | 306,791 | 669,000 | 9,084,716 |
| Equipment | 245,179 | 7,000 | 150,000 | 402,179 | 0 | 150,000 | 395,179 |
| Local Assistance | 28,637 | 0 | 0 | 28,637 | 0 | 0 | 28,637 |
| Grants | 0 | 0 | 1,160,000 | 1,160,000 | 0 | 1,160,000 | 1,160,000 |
| Transfers | 500,000 | 0 | 0 | 500,000 | 0 | 0 | 500,000 |
| Debt Service | 1,167,367 | (1,135,317) | 0 | 32,050 | (1,135,317) | 0 | 32,050 |
| Total Costs | \$17,045,844 | \$526,746 | \$6,419,161 | \$23,991,751 | (\$123,740) | \$2,200,094 | \$19,122,198 |
| General Fund | 3,363,958 | 250,871 | 4,400,000 | 8,014,829 | 229,206 | 300,000 | 3,893,164 |
| State/Other Special | 3,715,679 | 598,435 | 1,400,833 | 5,714,947 | 575,816 | 1,401,336 | 5,692,831 |
| Federal Special | 1,049,961 | (7,768) | 498,328 | 1,540,521 | (8,772) | 498,758 | 1,539,947 |
| Capital Projects | 511,542 | (11,542) | 0 | 500,000 | (11,542) | 0 | 500,000 |
| Proprietary | 8,404,704 | (303,250) | 120,000 | 8,221,454 | (908,448) | 0 | 7,496,256 |
| Total Funds | \$17,045,844 | \$526,746 | \$6,419,161 | \$23,991,751 | (\$123,740) | \$2,200,094 | \$19,122,198 |

Department of Administration-6101
Administrative Financial Services Division-03



Program Description - The Administrative Financial Services Division consists of several units. The Director's Office is responsible for overall supervision and coordination of agency programs and administratively attached boards and agencies. The Legal Unit provides legal services to agency and administratively attached programs. The Accounting Bureau is the process owner of the financial portion of the Statewide Budgeting, Accounting and Human Resource Systems (SABHRS), establishes state accounting policies and procedures, administers the federal Cash Management Improvement Act, processes warrants for all state agencies, and prepares the state Comprehensive Annual Financial Report (CAFR). The Management Support Bureau and personnel function provides financial, budgeting, accounting, personnel, and payroll functions for the department. Local Government Services Bureau provides technical assistance and training to local government accounting and financial personnel and defines, reviews and enforces auditing requirements for Montana's local governments. The Consumer Protection Office advocates on behalf of Montana's consumers in matters of unfair or deceptive acts in the conduct of any business.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| LGS Systems Program - On Site Assistance (Hours) | 5,140 | 5,379 | 5,028 | 5,700 | 5,700 | 5,700 |
| LGS Audit Review Program - Local Government Audits | 471 | 467 | 488 | 480 | 480 | 480 |

LGS Audit Review Program

The number of audits reported above as actual for FY 2002, FY 2003, and FY 2004 represent the number of audit reports actually received by the program during those three fiscal years. The audits received during FY 2002 covered FY 2001, or were biennial audits and covered FY 2000 and FY 2001. The audits received during FY 2003 covered FY 2002, or were biennial audits and covered FY 2001 and FY 2002. The audits received during FY 2004 covered FY 2003, or were biennial audits and covered FY 2002 and FY 2003. Audits are always conducted after the close of the last fiscal year of the audit period. The audits are submitted to the program during the fiscal year following the last fiscal year covered by the audit.

Department of Administration-6101
Administrative Financial Services Division-03

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 28.34 | 0.00 | 0.00 | 28.34 | 0.00 | 0.00 | 28.34 |
| Personal Services | 1,253,963 | 124,192 | 0 | 1,378,155 | 124,945 | 0 | 1,378,908 |
| Operating Expenses | 387,697 | 54,122 | 0 | 441,819 | 35,773 | 0 | 423,470 |
| Local Assistance | 22,133 | 0 | 0 | 22,133 | 0 | 0 | 22,133 |
| Total Costs | \$1,663,793 | \$178,314 | \$0 | \$1,842,107 | \$160,718 | \$0 | \$1,824,511 |
| General Fund | 1,154,645 | 79,254 | 0 | 1,233,899 | 61,946 | 0 | 1,216,591 |
| State/Other Special | 406,518 | 92,589 | 0 | 499,107 | 92,314 | 0 | 498,832 |
| Federal Special | 58,675 | 5,429 | 0 | 64,104 | 5,479 | 0 | 64,154 |
| Proprietary | 43,955 | 1,042 | 0 | 44,997 | 979 | 0 | 44,934 |
| Total Funds | \$1,663,793 | \$178,314 | \$0 | \$1,842,107 | \$160,718 | \$0 | \$1,824,511 |

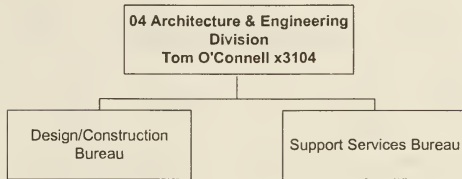
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$27,337 | (\$3,084) |
| FY07 | \$27,328 | (\$3,084) |

PL- 301 - Indirect/Administrative Costs -

This request is to fund increases of \$27,337 in FY 2006 and \$27,328 in FY 2007 for indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

Department of Administration-6101 Architecture & Engineering Division-04



Program Description - The Architecture and Engineering Division (A&E) manages remodeling and construction of state buildings. Its functions include planning new projects and remodeling projects; advertising, bidding, and awarding construction contracts; administering contracts with architects, engineers, and contractors; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session. This division operates under the authority found in Titles 17 and 18, MCA, as well as other state mandates.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 17.00 | 0.00 | 0.00 | 17.00 | 0.00 | 0.00 | 17.00 |
| Personal Services | 860,497 | 69,406 | 0 | 929,903 | 68,141 | 0 | 928,638 |
| Operating Expenses | 301,654 | 22,588 | 0 | 324,242 | 21,310 | 0 | 322,964 |
| Total Costs | \$1,162,151 | \$91,994 | \$0 | \$1,254,145 | \$89,451 | \$0 | \$1,251,602 |
| State/Other Special | 1,150,609 | 103,536 | 0 | 1,254,145 | 100,993 | 0 | 1,251,602 |
| Capital Projects | 11,542 | (11,542) | 0 | 0 | (11,542) | 0 | 0 |
| Total Funds | \$1,162,151 | \$91,994 | \$0 | \$1,254,145 | \$89,451 | \$0 | \$1,251,602 |

-----Present Law Adjustments-----

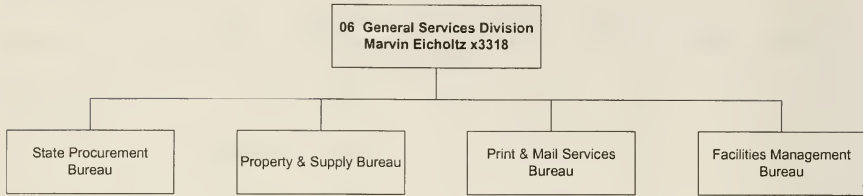
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,305 | \$0 |
| FY07 | \$5,287 | \$0 |

PL- 301 - Indirect Administrative Costs -

This request is to fund changes in the department's indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

Department of Administration-6101

General Services Division-06



Program Description - The General Services Division is composed of four bureaus responsible for providing certain internal services to government agencies and the public.

The Facilities Management Bureau manages the following services for state agencies in the capitol complex and several state-owned buildings in the Helena area either directly or through the administration of service contracts: repair, maintenance, construction, energy consumption, emergency management, space allocation, lease negotiation, security, janitorial, recycling, pest control, and garbage collection.

The State Procurement Bureau procures or supervises the procurement of all supplies and services needed by the state and provides technical assistance to government agencies and the public to ensure compliance with the Montana Procurement Act. In addition, the bureau manages the state's vehicle fueling, energy procurement, and procurement card functions. The state general fund is reimbursed for a portion of the Bureau's administrative expenditures through the statewide cost allocation plan.

The Print and Mail Services Bureau provides print and mail services to state agencies. The print services program operates a central facility for duplicating and binding, mail preparation, desktop publishing, layout and design, graphic illustration, and forms design. It operates three quick copy centers, administers the state photocopy pool, and approves the procurement of all printing and printing-related purchases for state agencies. The mail services program operates a centralized facility that manages incoming, outgoing, and interagency mail. In addition, the bureau operates a full service contract United States post office in the state capitol building.

The Property and Supply Bureau manages the Central Stores program and the State and Federal Surplus Property programs.

See Volume 3, Section P for further budgetary information on this program.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Work Orders Issued | 5,397 | 5,106 | 5,373 | 5,373 | 5,373 | 5,373 |
| Active Leases | 220 | 250 | 276 | 276 | 276 | 276 |
| Number of Buildings serviced by GSD staff | 44 | 45 | 45 | 45 | 46 | 46 |

Department of Administration-6101 **General Services Division-06**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 9.95 | 0.90 | 0.00 | 10.85 | 0.90 | 0.00 | 10.85 |
| Personal Services | 427,589 | 80,368 | 0 | 507,957 | 80,061 | 0 | 507,650 |
| Operating Expenses | 107,917 | 15,907 | 0 | 123,824 | 12,384 | 0 | 120,301 |
| Transfers | 500,000 | 0 | 0 | 500,000 | 0 | 0 | 500,000 |
| Debt Service | 32,050 | 0 | 0 | 32,050 | 0 | 0 | 32,050 |
| Total Costs | \$1,067,556 | \$96,275 | \$0 | \$1,163,831 | \$92,445 | \$0 | \$1,160,001 |
| General Fund | 567,556 | 96,275 | 0 | 663,831 | 92,445 | 0 | 660,001 |
| Capital Projects | 500,000 | 0 | 0 | 500,000 | 0 | 0 | 500,000 |
| Total Funds | \$1,067,556 | \$96,275 | \$0 | \$1,163,831 | \$92,445 | \$0 | \$1,160,001 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,333 | \$1,333 |
| FY07 | \$1,333 | \$1,333 |

PL- 301 - Indirect Administrative Costs -

This request will fund changes that have occurred in the department's indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$56,828 | \$56,828 |
| FY07 | \$53,677 | \$53,677 |

PL- 604 - Increase FTE in State Procurement Bureau -

This request is for 1.00 FTE, contracts officer, to assist with the increased contracting workload in the State Procurement Bureau. The proposal adds \$56,828 general fund in FY 2006 and \$53,677 general fund in FY 2007 to assist in addressing this workload.

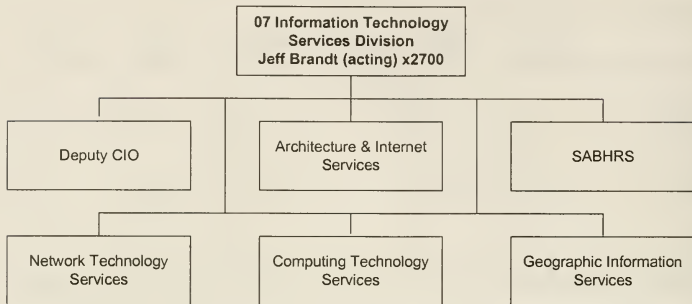
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$4,735) | (\$4,735) |
| FY07 | (\$4,774) | (\$4,774) |

PL- 608 - Fund Switch -

This request moves a partial FTE from the HB 2 budget to the non-appropriated proprietary budget.

Department of Administration-6101

Information Technology Services Division-07



Program Description - Information Technology Services Division (ITSD) is a proprietary program that manages central computing and telecommunications services for state government. ITSD provides central mainframe and mid-tier computer services, and manages the statewide data network SummitNet used by all agencies throughout the state. ITSD provides local and long-distance telephone network services used by all agencies, including the university system, and manages the state's video network METNET. ITSD coordinates electronic government services for the state, and manages the states Internet presence www.discoveringmontana.com. ITSD also manages the Statewide Accounting, Budgeting, and Human Resources Systems (SABHRS) system for the state.

Through the office of the Chief Information Officer, the division develops the Statewide Strategic IT Plan, coordinates information technology for the state, and reviews and approves equipment and software acquisitions. The division also provides statewide information technology training, and supports consulting services contracts used by agencies in support of IT systems.

The division also coordinates Geographic Information Systems (GIS) development, manages the state's 911 programs, and coordinates Public Safety Communications issues.

This program can also be found in Volume 3, Section P of the Executive Budget.

| Program Proposed Budget | | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 5.00 | 0.00 | 4.00 | 9.00 | 0.00 | 4.00 | 9.00 | |
| Personal Services | 321,010 | (4,674) | 220,161 | 536,497 | (4,601) | 221,094 | 537,503 | |
| Operating Expenses | 620,277 | (14,246) | 4,769,000 | 5,375,031 | (16,340) | 669,000 | 1,272,937 | |
| Equipment | 206,340 | 0 | 150,000 | 356,340 | 0 | 150,000 | 356,340 | |
| Grants | 0 | 0 | 1,160,000 | 1,160,000 | 0 | 1,160,000 | 1,160,000 | |
| Total Costs | \$1,147,627 | (\$18,920) | \$6,299,161 | \$7,427,868 | (\$20,941) | \$2,200,094 | \$3,326,780 | |
| General Fund | 156,341 | (5,723) | 4,400,000 | 4,550,618 | (6,690) | 300,000 | 449,651 | |
| State/Other Special | 0 | 0 | 1,400,833 | 1,400,833 | 0 | 1,401,336 | 1,401,336 | |
| Federal Special | 991,286 | (13,197) | 498,328 | 1,476,417 | (14,251) | 498,758 | 1,475,793 | |
| Total Funds | \$1,147,627 | (\$18,920) | \$6,299,161 | \$7,427,868 | (\$20,941) | \$2,200,094 | \$3,326,780 | |

Department of Administration-6101

Information Technology Services Division-07

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$5,236) | (\$828) |
| FY07 | (\$5,236) | (\$828) |

PL- 301 - Indirect Administrative Costs -

This request is to fund changes in the department's indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$707,000 | \$0 |
| FY07 | \$707,000 | \$0 |

NP- 718 - MSDI Federal Request -

The executive requests approval of a \$707,000 yearly federal appropriation needed for the continuing development of the Montana Spatial Data Infrastructure (MSDI).

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$91,328 | \$300,000 |
| FY07 | \$91,758 | \$300,000 |

NP- 721 - Public Safety Communications Program - GF -

This request will fund the administrative expenses for Public Safety Services in the Department of Administration. The request offsets lost federal funds of nearly \$209,000 per year and increases general fund support by approximately \$91,000 each year .

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,100,000 | \$4,100,000 |
| FY07 | \$0 | \$0 |

NP- 722 - Emergency Telecommunications Infrastructure – RST/OTO -

The Northern Tier Interoperability Project (NTIP) is a partnership of local, state, tribal, and federal government agencies, each with challenging requirements for radio communications. Several have projects already underway and NTIP will interconnect standards-based systems to make the most of existing resources, extend them to neighboring cooperators, and expand capabilities for all. The Montana National Guard's homeland security mission will be enhanced through highly reliable, redundant communications capabilities to its highline armories.

The anticipated cost for the entire project is \$13.4 million. Of this total cost, \$5.7 million will be paid for through the Office for Domestic Preparedness (ODP) federal grant. \$1.4 million will come from the Montana Board of Crime Control, through their Law Enforcement Terrorism Prevention funding. \$2.2 million will be covered by collaborating with the Montana National Guard. The total funds currently available are \$9.3 million (\$5.7 + \$1.4 + \$2.2). The remaining \$4.1 million will be provided by a one-time-only, restricted, and biennial appropriation of general fund to the Department of Administration to complete this project.

Department of Administration-6101
Information Technology Services Division-07

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,400,833 | \$0 |
| FY07 | \$1,401,336 | \$0 |

NP- 719 - Montana Land Information Act -

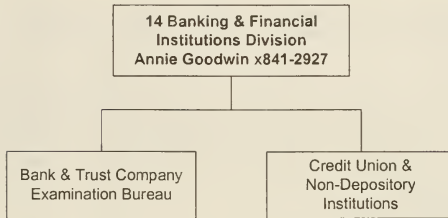
The department has requested legislation (LC# 79) called the Montana Land Information Act. The bill would provide funding to a special earmarked revenue account. This account would fund grants to state, local, and tribal entities, and to match federal funding and to pay for the collection, maintenance, integration, and distribution of databases described as being part of the Montana Spatial Data Infrastructure and consists of 12 critical layers. They are: land ownership, transportation, surface waters, hydrologic units, jurisdictional boundaries, geodetic control, elevation, aerial imagery, geology, critical infrastructures, land cover, and soils. This request would appropriate approximately \$1.4 million state special revenue each year collected under the act and is contingent on the passage and approval of LC# 79.

Language Recommendations –

"Any funds remaining from the appropriation authorized in section 11, Chapter 597, Laws of 2003 are re-appropriated to the department of administration for the 2007 biennium for the stated purpose."

Department of Administration-6101

Banking and Financial Division-14



Program Description - The Division of Banking and Financial Institutions licenses, supervises, regulates and examines a variety of financial institutions operating in and outside of Montana. At present, those institutions include 67 banks and trust companies, including 209 branch banks; 14 credit unions; 330 consumer finance companies; 153 sales finance companies; 103 deferred deposit lenders; 46 title loan companies; and 10 escrow companies. The Montana Mortgage Broker and Loan Originator Licensing Act was passed by the 2003 Legislature, and licensing of mortgage brokers and loan originators began on July 1, 2004. As of August 2004, over 200 license applications had been received. The division estimates between 1,000 and 1,500 licenses will have been issued by December 31, 2004. The division also would be responsible for the supervision, regulation and examination of any institutions operating under the state's savings and loan laws or the Foreign Capital Depository Act. All program functions are statutorily mandated in 2-31, 32, MCA.

Supervision of regulated financial institutions is accomplished primarily through examinations. The safety and soundness of Montana state chartered banks and credit unions, which hold in excess of \$10.5 billion in deposits as of June 30, 2004, is under the supervision of the division. Banks are statutorily required to be examined at least once every 24 months. Credit unions are examined according to a schedule determined by the division; in practice each credit union is examined at no more than 18 month intervals. Consumer loan, deferred deposit and title loan companies are to be examined annually. Escrow companies may be examined as necessary. Transactions of mortgage brokers may be examined at any time. Examinations investigate the methods of operation, review compliance with state and federal financial and banking laws and regulations and, for the protection of bank and credit union depositors, determine whether the institutions are operating in a safe and sound manner. The division also provides a consumer complaint process to resolve matters with the regulated financial institutions.

The State Banking Board is administratively attached to the division. The board is responsible for making final determinations of applications for new bank charters and foreign capital depository charters; hearing appeals of division decisions on branch bank, merger, or relocation applications; and also acts in an advisory capacity with respect to the duties and powers given by statute or otherwise to the department as the duties and powers relate to banking and to the regulation of foreign capital depositories.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 31.75 | 3.25 | 0.00 | 35.00 | 3.25 | 0.00 | 35.00 |
| Personal Services | 1,558,544 | 329,420 | 0 | 1,887,964 | 328,360 | 0 | 1,886,904 |
| Operating Expenses | 570,483 | 70,174 | 0 | 640,657 | 51,433 | 0 | 621,916 |
| Total Costs | \$2,129,027 | \$399,594 | \$0 | \$2,528,621 | \$379,793 | \$0 | \$2,508,820 |
| State/Other Special | 2,129,027 | 399,594 | 0 | 2,528,621 | 379,793 | 0 | 2,508,820 |
| Total Funds | \$2,129,027 | \$399,594 | \$0 | \$2,528,621 | \$379,793 | \$0 | \$2,508,820 |

Department of Administration-6101 **Banking and Financial Division-14**

Program Indicators -

| Indicator | | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|--------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Bank examinations | | 32 | 33 | 24 | 31 | 31 | 33 |
| Number of state chartered banks | | 68 | 68 | 67 | 68 | 67 | 65 |
| Bank charter and merger applications | | 3 | 4 | 2 | 1 | 1 | 2 |
| Credit union examinations | | 9 | 16 | 14 | 16 | 12 | 13 |
| Number of state chartered credit unions | | 14 | 15 | 14 | 13 | 12 | 12 |
| Credit union charter and merger applications | | 0 | 1 | 4 | 1 | 1 | 0 |
| Consumer loan licensee examinations | | 8 | 12 | 26 | 45 | 48 | 48 |
| Consumer loan licenses outstanding | | 248 | 287 | 330 | 355 | 330 | 300 |
| Consumer loan license applications processed | | 59 | 99 | 81 | 85 | 80 | 80 |
| Deferred deposit loan licensee examinations | | 7 | 20 | 44 | 90 | 95 | 95 |
| Deferred deposit loan licenses outstanding | | 82 | 84 | 100 | 110 | 107 | 105 |
| Deferred deposit loan license applications processed | | 14 | 9 | 18 | 15 | 12 | 12 |
| Title loan examinations | | 2 | 9 | 19 | 45 | 50 | 50 |
| Title loan licenses outstanding | | 36 | 41 | 45 | 47 | 50 | 50 |
| Title loan license applications processed | | 36 | 5 | 4 | 6 | 5 | 5 |
| Mortgage broker and loan originator license applications | | N/A* | N/A* | N/A* | 500 | 250 | 250 |
| Mortgage broker and loan originator license outstanding | | N/A* | N/A* | N/A* | 500 | 550 | 600 |
| Other examinations and investigations | | 1 | 0 | 5 | 5 | 12 | 17 |
| Sales finance company licenses outstanding | | 149 | 168 | 153 | 150 | 150 | 150 |
| Sales finance company license applications processed | | 15 | 15 | 24 | 22 | 18 | 18 |
| Escrow company licenses outstanding | | 14 | 12 | 9 | 9 | 9 | 9 |
| Complaints processed | | 38 | 64 | 24 | N/A** | N/A** | N/A** |
| Refunds, rebates and penalties from lenders to borrowers as a result of examinations | Number | 50 | 135 | 10,145 | N/A** | N/A** | N/A** |
| | Amount | \$632 | \$31,194 | \$2,027,478 | N/A** | N/A** | N/A** |

*Licensing was not required before July 1, 2004.

**There is no basis for estimating these numbers.

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$4,882) | \$0 |
| FY07 | (\$4,915) | \$0 |

PL- 301 - Indirect Administrative Costs -

This request reflects changes in the department's indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

Department of Administration-6101 **Banking and Financial Division-14**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$227,563 | \$0 |
| FY07 | \$221,298 | \$0 |

PL- 1401 - Request 3.25 FTE Bank Examiners -

This request funds 3.25 FTE examiners, supporting office equipment, and additional travel authority to allow the Division of Banking and Financial Institutions to conduct investigations and periodic examinations of state-licensed banks, credit unions, consumer loan companies, deferred deposit lenders, title lenders, escrow companies, and mortgage brokers and loan originators, as required by law. This state special revenue request adds \$227,563 in FY 2006 and \$221,298 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$11,150 | \$0 |
| FY07 | \$0 | \$0 |

PL- 1402 - Replace Desktop Computers and Network Printer. -

The division currently has five desktop computer systems that are scheduled for replacement during FY 2006, at a cost of \$11,150 state special revenue, which complies with the state's replacement policy.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$5,000 | \$0 |
| FY07 | \$5,000 | \$0 |

PL- 1403 - Fund Ongoing CSBS Accreditation Program -

The Division of Banking and Financial Institutions requests \$5,000 state special revenue each year to continue accreditation through the Conference of State Bank Supervisors (CSBS). Accreditation is available to state banking departments to recognize the attainment of certain performance standards and assure the department's ability to discharge its responsibilities.

Department of Administration-6101

Montana State Lottery-15

15 Montana State Lottery
 Gerald LaChere x5825

Program Description - The Montana State Lottery designs and markets lottery games that allow players to purchase chances to win prizes. The Lottery presently offers a variety of instant/scratch and lotto-style games, some in cooperation with other lotteries through the Multi-State Lottery Association. A five-member Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. The net revenue, after prizes, sales commissions and operating expenses, is deposited in the state general fund on a quarterly basis.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Transfer to General Fund (in millions) | \$7.47 | \$7.45 | \$8.11 | \$7.20 | \$7.40 | \$8.00 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 31.50 | 0.00 | 0.00 | 31.50 | 0.00 | 0.00 | 31.50 |
| Personal Services | 1,395,508 | 17,046 | 0 | 1,412,554 | 17,292 | 0 | 1,412,800 |
| Operating Expenses | 5,791,085 | 806,979 | 120,000 | 6,718,064 | 208,598 | 0 | 5,999,683 |
| Equipment | 38,839 | 7,000 | 0 | 45,839 | 0 | 0 | 38,839 |
| Debt Service | 1,135,317 | (1,135,317) | 0 | 0 | (1,135,317) | 0 | 0 |
| Total Costs | \$8,360,749 | (\$304,292) | \$120,000 | \$8,176,457 | (\$909,427) | \$0 | \$7,451,322 |
| Proprietary | 8,360,749 | (304,292) | 120,000 | 8,176,457 | (909,427) | 0 | 7,451,322 |
| Total Funds | \$8,360,749 | (\$304,292) | \$120,000 | \$8,176,457 | (\$909,427) | \$0 | \$7,451,322 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,008) | \$0 |
| FY07 | (\$1,041) | \$0 |

PL- 301 - Indirect Administrative Costs -

This request reflects changes in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 1501 - Administrative Server - OTO -

The Lottery replaces equipment per the Information Technology Services Division (ITSD) recommended schedule. The administrative server that controls the Local Area Network encompassing the individual pcs and allows connection to the state's network is scheduled for replacement in FY 2006, as part of the five year replacement cycle. The Lottery estimates a cost of \$7,000 proprietary funds for a new server.

Department of Administration-6101 **Montana State Lottery-15**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,250 | \$0 |
| FY07 | \$1,250 | \$0 |

PL- 1502 - Commission Per Diem -

Per 23-7-201 and 202, MCA, the Lottery Commission has five members who must meet at least every three months and must be paid per diem of \$50 each day they are engaged in duties on behalf of the Lottery. In addition to the quarterly meetings, experience has been that at least one other meeting per year for a variety of purposes has been required. Since per diem is not included in the base budget, these funds must be re-appropriated each biennium. The request is for five Commissioners to attend five meetings per year at \$50 per meeting. The request is funded with Lottery proprietary funds.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$600,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 1503 - Operating System -

The Lottery is requesting a continuing biennial appropriation to replace, refurbish or buy new equipment and software as necessary to continue operation of the systems. The Lottery is requesting a total of \$600,000 for the biennium or an average of \$300,000 proprietary funds per year to be spent in either year as needed.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,640 | \$0 |
| FY07 | \$3,992 | \$0 |

PL- 1506 - Rent -

This request adds approximately \$6,600 proprietary funds over the biennium for a scheduled rent increase.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$150,000 | \$0 |
| FY07 | \$250,000 | \$0 |

PL- 1507 - Vendor Fees RST-

The budget includes \$400,000 proprietary funds for the biennium to pay additional vendor fees in the 2007 biennium based upon anticipated increased sales.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,135,317) | \$0 |
| FY07 | (\$1,135,317) | \$0 |

PL- 1550 - Reduce Debt Service -

This request reduces the Lottery budget by more than \$1.1 million proprietary funds per year because the lottery will not have any debt service in the 2007 biennium.

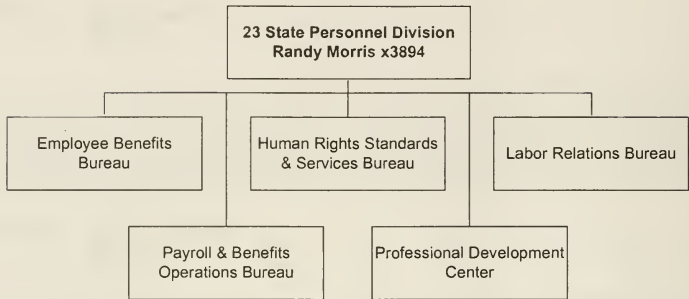
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$120,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 1504 - Permanent Signage -

The Lottery requests \$120,000 proprietary funds in FY 2006 to replace permanent signage at Lottery retailers throughout the state.

Department of Administration-6101 State Personnel Division-23



Program Description - The State Personnel Division provides state agencies with a variety of human resource management programs including training, position classification and pay, collective bargaining, employee relations, and assistance with compliance with state and federal employment law. The state general fund is reimbursed for administrative costs of the State Personnel Division through the statewide cost allocation plan. The division publishes state rules, standards, and policies relating to recruitment, selection, discipline, grievance, performance appraisal, leave, and other personnel matters. The division administers benefits plans including health, life, long-term care, dental, and vision insurance, flexible spending accounts, a sick leave fund, employee incentive awards, health promotion, and a voluntary employee benefit health care expense trust. In addition, the division administers a lease and contract to provide daycare services for Helena area state employees. The division also prepares, maintains, and distributes payroll for all state employees.

The Human Resources Standards and Services Bureau and Labor Relations Bureau functions are governed by 2-18-2; 2-18-102; 2-18-301 through 303; 2-18-604; 2-18-1011 through 1013; 39-29-112; 39-30-106; and 39-31-101 through 409, MCA. The payroll unit is governed by 2-18-401 et seq, MCA. Employee benefits are governed by 2-18-701 et seq., 2-18-801 et seq., 2-18-1101 et seq., 2-18-1301 et seq., and 33-2-712, MCA. The Professional Development Center is governed by 2-18-102 (1)(b), MCA.

The remainder of the State Personnel Division's budget can be found in Volume 3, section P.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| State Benefit Plan – Monthly average total cost per member, including claims, administrative and operating costs (in dollars) | 405.57 | 425.71 | 452.58 | 495.85 | 570.23 | 655.76 |
| Professional Development Center - Central Training Program (PDC) – Student hours of training delivered | 23,827 | 20,487 | 26,839 | 26,100 | 26,800 | 30,100 |

Department of Administration-6101

State Personnel Division-23

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 20.53 | (1.00) | 0.00 | 19.53 | (1.00) | 0.00 | 19.53 |
| Personal Services | 954,369 | 52,994 | 0 | 1,007,363 | 53,733 | 0 | 1,008,102 |
| Operating Expenses | 266,152 | (5,927) | 0 | 260,225 | (5,566) | 0 | 260,586 |
| Total Costs | \$1,220,521 | \$47,067 | \$0 | \$1,267,588 | \$48,167 | \$0 | \$1,268,688 |
| General Fund | 1,190,996 | 44,351 | 0 | 1,235,347 | 45,451 | 0 | 1,236,447 |
| State/Other Special | 29,525 | 2,716 | 0 | 32,241 | 2,716 | 0 | 32,241 |
| Total Funds | \$1,220,521 | \$47,067 | \$0 | \$1,267,588 | \$48,167 | \$0 | \$1,268,688 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,715 | \$0 |
| FY07 | \$2,715 | \$0 |

PL - 3 - State Daycare Lease Rate Increase -

The State Personnel Division manages a lease contract with Helena School District No. 1 to lease a portion of the Ray Bjork School. This space houses a daycare center that provides daycare services for children related to state employees. Effective July 1, 2004, the lease rate increased from \$2,443/month to \$2,670/month due to increased utility rates the school district has incurred, for this same space, over the last few years. To make up for this shortfall in funding, the program requests an additional \$2,715 state special revenue each year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,936 | \$2,936 |
| FY07 | \$2,936 | \$2,936 |

PL - 4 - Governor's Advisory Council on Disability -

The Governor's Advisory Council on Disability (GACD) plans to extend their quarterly meetings from one day to two. The additional meeting day will provide the council additional time to address issues presented to them and reach a consensus agreement. The American Disabilities Act (ADA) issues faced by the council are often conceptual in nature, and require great depth of analysis, which time does not allow for during a one day meeting. The State Personnel Division is requesting \$2,936 general fund each year to cover the additional costs from hotel stays, meals, and council duty fees that will result from the council extending their meetings by the additional day.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,202) | (\$1,202) |
| FY07 | (\$1,202) | (\$1,202) |

PL - 301 - Indirect Administrative Costs -

This request is to fund changes in the department's indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$43,051) | (\$43,051) |
| FY07 | (\$42,919) | (\$42,919) |

PL - 2310 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. The 1.00 FTE and approximately \$43,000 of general fund are removed from the budget each year of the biennium permanently.

Department of Administration-6101 **State Tax Appeal Board-37**

37 State Tax Appeal Board
Greg Thornquist x2720

Program Description - The State Tax Appeal Board, established by Article VIII, Section 7, of the Montana Constitution and 15-2-101, MCA, provides a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards, primarily involving residential and commercial property valuation, and takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally-assessed property and new industry property, motor fuels taxes, vehicle taxes, and cabin site leases. The board travels throughout the state to hear appeals from decisions of the county tax appeal boards and to conduct informational meetings for the various county tax appeal boards. The State Tax Appeal Board directs those county tax appeal board secretaries who are state employees, and pays their salaries and employee benefits. The board also reviews and pays the expenses, including employee benefits, of those county tax appeal board secretaries who are county employees. In addition, the board pays the clerical-related expenses for all 56 county tax appeal boards, including supplies, postage and copies, but excluding office equipment.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 7.00 | (0.50) | 0.00 | 6.50 | (0.50) | 0.00 | 6.50 |
| Personal Services | 224,256 | 37,663 | 0 | 261,919 | 36,855 | 0 | 261,111 |
| Operating Expenses | 63,660 | (949) | 0 | 62,711 | (801) | 0 | 62,859 |
| Local Assistance | 6,504 | 0 | 0 | 6,504 | 0 | 0 | 6,504 |
| Total Costs | \$294,420 | \$36,714 | \$0 | \$331,134 | \$36,054 | \$0 | \$330,474 |
| General Fund | 294,420 | 36,714 | 0 | 331,134 | 36,054 | 0 | 330,474 |
| Total Funds | \$294,420 | \$36,714 | \$0 | \$331,134 | \$36,054 | \$0 | \$330,474 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$127 | \$127 |
| FY07 | \$127 | \$127 |

PL- 301 - Indirect Administrative Costs -

This request is to fund changes in the department's indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$15,927) | (\$15,927) |
| FY07 | (\$15,891) | (\$15,891) |

PL- 2310 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. The 0.50 FTE and approximately \$16,000 in each year of the biennium of general fund are removed from the budget permanently.

Appellate Defender-6102

Appellate Defender-01

6102 Appellate Defender
Chad Wright x841-2001

01 Appellate Defender
Program

Mission Statement - To permit state courts to fulfill, in a cost-effective manner, federal and state constitutional and statutory obligations to appoint counsel to effectively represent indigent persons who wish to pursue their rights to challenge criminal convictions, by means of appeals to the supreme court or by other post-conviction challenges; to assist defense counsel in appeals on request; to aid the Appellate Defender Commission in promulgating standards for the appointment of trial and appellate counsel in Montana; and to develop and maintain a roster of defense attorneys eligible for appointment in Montana.

Statutory Authority - State mandates are established at 46-8-210 through -213, MCA.

Program Description - The Office of the Appellate Defender is an agency administratively attached to the Department of Administration and funded by a general fund appropriation. Prior to creation of the agency by the 1995 legislature, the Appellate Defender Program was administratively attached to the Department of Administration and funded by a statutory appropriation. The appellate defender is hired by and serves at the pleasure of the Appellate Defender Commission. The appellate defender provides legal counsel for indigent persons who have been convicted and then appeal their district court conviction or petition for post-conviction relief from proceedings in district court. The appellate defender also aids the commission in compiling and keeping current a roster of Montana attorneys eligible for appointment by an appropriate court as trial and appellate defense counsel for the indigent.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 3.00 | 0.00 | 0.00 | 3.00 | 0.00 | 0.00 | 3.00 |
| Personal Services | 145,942 | 3,811 | 0 | 149,753 | 3,738 | 0 | 149,580 |
| Operating Expenses | 40,673 | 10,176 | 0 | 50,849 | 6,661 | 0 | 47,334 |
| Total Costs | \$186,615 | \$13,987 | \$0 | \$200,602 | \$10,399 | \$0 | \$197,014 |
| General Fund | 186,615 | 13,987 | 0 | 200,602 | 10,399 | 0 | 197,014 |
| Total Funds | \$186,615 | \$13,987 | \$0 | \$200,602 | \$10,399 | \$0 | \$197,014 |

Appellate Defender-6102

Appellate Defender-01

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$6,662 | \$6,662 |
| FY07 | \$3,116 | \$3,116 |

PL- 101 - Fixed cost and computer replacement -

The budget includes \$6,662 general fund in FY 2006 and \$3,116 general fund in FY 2007 for equipment replacement, office rent, indirect costs, and replacement of the three computers in FY 2006.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$3,150) | (\$3,150) |
| FY07 | (\$3,150) | (\$3,150) |

PL- 102 - Alternative Pay Plan Reduction -

The Executive recommends a reduction of \$3,150 each year to fund the Appellate Defender's alternative pay plan adjustment. The total reduction in the program is \$6,300 general fund for the biennium.

Public Employee Retirement Administration - 6104

6104 Public Employee
Retirement Administration
Mike O'Connor x3154

Mission Statement – The Montana Public Employee Retirement Administration will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.

Statutory Authority – Montana Constitution, Article VIII, Sections 13 and 15; Title 2, Chapter 15; Title 19, Chapters 2,3,5,6,7,8,9,13,17 and 50, MCA; and Internal Revenue Service Codes.

Program Description -- The Public Employees' Retirement Board (PERB) is charged under the State's Constitution as fiduciaries to administer ten retirement plans and the related member education. The retirement plans are eight defined benefit plans, a defined contribution plan and a deferred compensation plan. The *defined benefit* retirement plans are the Public Employees' Retirement System, Municipal Police Officers' Retirement System, Game Wardens' and Peace Officers' Retirement System, Sheriffs' Retirement System, Judges' Retirement System, Highway Patrol Officers' Retirement System, Firefighters' Unified Retirement System, and the Volunteer Firefighters' Compensation Act. The *defined contribution* retirement plan was implemented July 1, 2002, and is available only to eligible members of the Public Employees' Retirement System (PERS). The *deferred compensation* plan (IRC § 457) is available to employees of the state, university and local subdivisions that contract with the plan.

The PERB also administers two education funds. The PERS defined benefit retirement plan education fund was established to provide the tools necessary for the member to choose between the defined benefit retirement plan and the defined contribution retirement plan. The PERS defined contribution retirement plan also has an education fund to provide members with ongoing education. The PERB is allocated to the Department of Administration, which means that the PERB hires the staff for the Montana Public Employee Retirement Administration (MPERA), which carries out the daily administration of the plans. The MPERA has 32 employees. This agency accounts for over \$3.9 billion held in trust. Monthly retirement disability and death benefits are paid to over 17,500 recipients. Annual benefit payments exceed \$180 million. Over 525 state and local government employers report contributions for over 32,000 active members.

| Indicator | Actual FY 2001 | Actual FY 2002 | Actual FY 2003 | Actual FY 2004 | Estimated FY 2005 | Estimated FY 2006 | Estimated FY 2007 |
|--|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Defined Benefit Retirement Plans: | | | | | | | |
| Benefits | 143,127,966 | 157,749,114 | 166,955,174 | 180,524,045 | 189,304,713 | 198,517,048 | 208,182,412 |
| Defined Benefit Assets | 3,317,431,288 | 3,068,957,940 | 3,240,530,624 | 3,649,632,040 | 3,780,108,475 | 4,054,672,383 | 4,371,787,818 |
| Defined Contribution Retirement Plans: | | | | | | | |
| Deferred Comp Assets | 200,280,113 | 196,420,108 | 208,341,039 | 224,750,174 | 233,753,583 | 247,740,740 | 262,494,341 |
| PERS – Defined Contribution Assets | (585,007) | (1,026,748) | 14,880,418 | 19,305,068 | 22,669,914 | 26,417,195 | 30,526,236 |

| Summary of FY 2004 Expenditures | |
|---------------------------------|--------------|
| FTE | 32 |
| Personal Services | \$ 1,702,348 |
| Operating Expenses | 1,327,929 |
| Depreciation / Amortization | 303,611 |
| Total | \$ 3,333,888 |

Teachers' Retirement System - 6105

6105 Teacher's Retirement
Administration
Dave Senn x3134

Mission Statement - To maintain a financially sound system that is actuarially funded that will provide the broadest and fairest possible range of disability, death and retirement benefits to teachers and other eligible members of the State of Montana as prescribed by state statutes.

Statutory Authority – Montana Constitution, Article VIII, Sections 13 and 15; Title 19, Chapter 20, MCA; and Internal Revenue Service codes.

Program Description - The Teachers' Retirement Board, which consists of six members appointed by the Governor, is responsible for the administration of the Teachers' Retirement System (TRS). To assist in fulfilling its duties, the board employs a full-time staff. The TRS administers retirement, disability, and survivor benefits for all Montana teachers and their beneficiaries.

| Indicator | Actual FY 2001 | Actual FY 2002 | Actual FY 2003 | Actual FY 2004 | Estimated FY 2005 | Estimated FY 2006 | Estimated FY 2007 |
|---------------|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Contributions | 99,878,990 | 100,153,392 | 104,252,279 | 107,927,036 | 112,244,117 | 116,733,882 | 121,403,237 |
| Benefits | 118,841,895 | 130,014,779 | 140,229,496 | 150,270,797 | 160,789,753 | 170,437,138 | 180,663,366 |
| Net Assets | 2,239,208,114 | 2,041,691,136 | 2,123,634,260 | 2,354,844,199 | 2,402,647,536 | 2,538,156,857 | 2,695,268,766 |

Summary of FY 2004 Expenditures

| | |
|-----------------------------|---------------------|
| FTE | 16 |
| Personal Services | \$ 757,814 |
| Operating Expenses | 585,557 |
| Depreciation / Amortization | 163,323 |
| Total | \$ 1,506,694 |

Montana Consensus Council-6106

Montana Consensus Council-01

6106 Montana Consensus
Council
Judy Edwards x9838

Mission Statement - The Montana Consensus Council shall promote fair, effective, and efficient processes for building agreement on natural resource and other public policy issues that are important to Montanans.

Statutory Authority - State mandates for the Montana Consensus Council are found under MCA 2-15-1027.

Program Description - The Montana Consensus Council is a public organization that helps citizens and officials build agreement and resolve disputes on natural resource and other public policy issues.

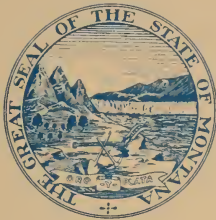
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 129,438 | (2,339) | 0 | 127,099 | (2,704) | 0 | 126,734 |
| Operating Expenses | 110,362 | (39,094) | 0 | 71,268 | (38,915) | 0 | 71,447 |
| Total Costs | \$239,800 | (\$41,433) | \$0 | \$198,367 | (\$41,619) | \$0 | \$198,181 |
| State/Other Special | 239,800 | (41,433) | 0 | 198,367 | (41,619) | 0 | 198,181 |
| Total Funds | \$239,800 | (\$41,433) | \$0 | \$198,367 | (\$41,619) | \$0 | \$198,181 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$42,753) | \$0 |
| FY07 | (\$42,755) | \$0 |

PL- 301 - Indirect Administrative Costs/Base Adjustments -

The budget includes a reduction of approximately \$42,750 state special revenue each year of the biennium. The reduction includes \$40,000 in contracted services that will be performed in house, \$5,000 for one-time-only software purchased in the base year, and offsetting increases in indirect costs assessed against the agency.



GOVERNOR
JUDY MARTZ

STATE OF MONTANA

SECTION B: PUBLIC HEALTH & HUMAN SERVICES

Department of Public Health & Human Services

OBPP Staff:

Bob Andersen
Kristi Rosseland

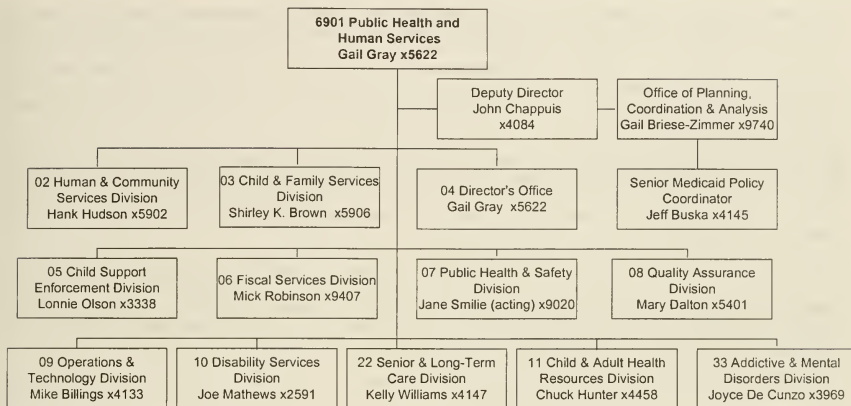
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GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

See page R-1 for specific agency assignments.

Public Health and Human Services-6901



Mission Statement - Improving and Protecting the Health, Well-Being and Self-Reliance of All Montanans

Statutory Authority - 2-15-2201, MCA

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2,755.01 | (28.83) | 3.00 | 2,729.18 | (28.83) | 13.00 | 2,739.18 |
| Personal Services | 114,038,582 | 6,294,251 | 298,262 | 120,631,095 | 6,331,035 | 748,465 | 121,118,082 |
| Operating Expenses | 88,621,395 | 7,621,094 | 7,121,364 | 103,363,853 | 7,982,391 | 9,433,669 | 106,037,455 |
| Equipment | 376,355 | 51,000 | 85,000 | 512,355 | 36,000 | 0 | 412,355 |
| Grants | 42,470,810 | 3,268,515 | 2,354,918 | 48,094,243 | 3,761,327 | 3,161,061 | 49,393,196 |
| Benefits & Claims | 821,366,107 | 109,768,588 | 46,809,921 | 977,944,616 | 155,528,088 | 63,405,314 | 1,040,299,509 |
| Debt Service | 598,806 | 0 | 0 | 598,806 | 0 | 0 | 598,806 |
| Total Costs | \$1,067,472,055 | \$127,003,448 | \$56,669,465 | \$1,251,144,968 | \$173,638,841 | \$76,748,509 | \$1,317,859,405 |
| General Fund | 248,448,589 | 44,868,784 | 2,864,010 | 296,181,383 | 56,612,449 | 2,306,765 | 307,367,803 |
| State/Other Special | 36,553,605 | 7,310,064 | 17,590,210 | 61,453,879 | 9,140,977 | 15,825,333 | 61,519,915 |
| Federal Special | 782,469,861 | 74,824,600 | 36,215,245 | 893,509,706 | 107,885,415 | 58,616,411 | 948,971,687 |
| Total Funds | \$1,067,472,055 | \$127,003,448 | \$56,669,465 | \$1,251,144,968 | \$173,638,841 | \$76,748,509 | \$1,317,859,405 |

Medicaid Issues

The main factor in the Department of Health and Human Services budget is Medicaid costs. Medicaid is a shared federal / state program that provides health care to disabled and low income Montanans. Medicaid expenditures make up 57 percent of the department's budget and 47 percent of the department's state funds spent. Three factors are driving Medicaid growth in the 2007 biennium: FMAP enhancement adjustments, FMAP rate increases, and caseload growth.

Public Health and Human Services-6901

The federal government changed the FMAP rate in FY 2004 to assist states in economic recovery. The Jobs and Growth Tax Reconciliation Act resulted in a base year increase of about three percent in the federal payment rate, and a corresponding decrease in the required state share. The total effect of this change was a \$14 million reduction in general fund expenditures in FY 2004. Because this savings artificially lowered expenditures in the base year, the FY 2007 biennium budget includes several decision packages to raise the base to the expected level. This is the level at which the FMAP would have been without the base year federal enhancement. These decision packages are marked as "FMAP Enhancement Adjustment."

FMAP is the Federal Medical Assistance Percentage, or the percentage of Medicaid costs that is paid by the federal government. The balance of these costs is paid by the state. The FMAP rate fluctuates from year to year. Recently the state's rate has been growing, from 27.15 percent in the base year (FY 2004) to 29.46 percent in FY 2006 and 30.00 percent in FY 2007. Increases in Medicaid costs due to these rate increases are accounted for in decision packages labeled "FMAP Adjustment."

The third item that affects Medicaid costs is caseload growth. Medicaid is an entitlement program, which means that all those eligible for the program receive benefits. The cost of Medicaid is determined by three factors: the number of eligible people served; the number of services provided; and the cost of the services. Demographic trends and the cost of health care continue to grow, with a resulting increase in Medicaid costs. Decision packages related to caseload growth have been labeled "Medicaid Caseload."

The following table contains a summary of Medicaid costs (in millions).

| Medicaid Present Law General Fund Adjustments 2007 Biennium (in millions) | |
|---|-------------|
| Base Budget (FY 2004 Base x 2) | \$496.9 |
| FMAP Enhancement Adjustments | 28.0 |
| Regular FMAP Adjustments | 26.5 |
| Caseload Growth | <u>33.2</u> |
| Subtotal | \$584.6 |
| All Other Adjustments | <u>18.9</u> |
| 2007 Biennial General Fund Budget | \$603.5 |

Prevention and Stabilization Account

Another important facet of the DPHHS budget this biennium is the Prevention and Stabilization Account (PSA). This account was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the account's funding comes from tobacco settlement funds; smaller amounts are collected through bed taxes at Montana Developmental Center and Montana Mental Health Nursing Care Center. The purpose of the PSA is to finance, administer, and provide health and human services. Programs funded through the PSA include tobacco disease prevention, matching funds for Medicaid, Children's Health Insurance Program (CHIP), mental health services, child care services, Montana Initiative for the Abatement of Mortality in Infants (MIAMI), child support enforcement, extended employment, independent living, hospice and home therapy, AIDS prevention, and poison control.

SB 485 sunsets on June 30, 2005 and these programs will lose this part of their funding on that date. Legislation to continue SB 485 and the programs it supports has been introduced by the department and is supported by the Governor. Decision packages that are contingent upon this legislation have been labeled "Continuation of PSA." In addition,

Public Health and Human Services-6901

legislation has been introduced to increase the bed tax at Montana Developmental Center. Although the increase is small, the level of funding budgeted for PSA decision packages is contingent on this legislation, as well.

Medicaid Redesign

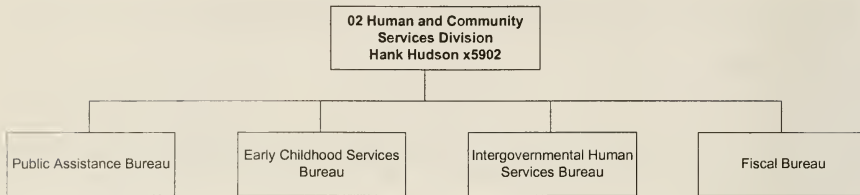
On July 30, 2003 Governor Martz announced the members of an 18-person council formed to work with the Department of Public Health and Human Services and find long term solutions for several components of the Montana public health-care system. The council was assembled to assist the DPHHS to carry out the direction of legislation, HJR 13, from the 2003 Legislature. The Legislature directed the DPHHS to conduct a study regarding the health programs administered by the department and provide a report to the 59th Legislature outlining options that may be undertaken to redesign the health programs administered by the department.

The major focus of the council and the department was to look at "redesigning" the Medicaid program. This included a comprehensive review of the existing eligibility criteria and health benefits provided and the structure and values that are the fundamental underpinnings of the state's Medicaid system.

The Public Health Care Advisory Council in its report came up with 18 recommendations. The recommendations include: those that have already been adopted by the department and are being integrated into the current operations of the department; those that involve adjustments or refocusing of existing programs; and recommendations that require action by the state legislature and/or federal government. The department has begun the process of submitting legislative language, has started preliminary negotiation with the federal agencies, and has included budget initiatives in this proposed budget.

Public Health and Human Services-6901

Human and Community Services-02



Program Description - The Human and Community Services Division is comprised of four bureaus: 1) Public Assistance; 2) Early Childhood Services; 3) Intergovernmental Human Services; and 4) Fiscal.

The Public Assistance Bureau administers Montana's Temporary Assistance to Needy Families (TANF) program. The bureau also provides eligibility services for Medicaid and Food Stamps.

The Early Childhood Services Bureau:

1. Manages the funds which pay for child care for TANF participants and low-income working families;
2. Contracts with 12 resource and referral agencies to administer child care eligibility, provider recruitment, and technical assistance;
3. Administers the Child and Adult Care Food Program which provides reimbursement to child care providers for the cost of meals served to eligible children and adults; and
4. Administers the Head Start State Collaboration grant.

The Intergovernmental Human Services Bureau administers:

1. The Community Services block grant which is used by ten Human Resource Development Councils to provide a wide range of community-based human services;
2. The Low-Income Energy Assistance Program and Weatherization program;
3. The DOE Weatherization program including funding for weatherization from three other sources;
4. The Emergency Shelter grants program;
5. The Housing Opportunities for Persons with AIDS grant; and
6. Three USDA commodities programs. In addition, the bureau stores and distributes USDA commodity foods to elderly feeding sites, and stores USDA commodity foods for school lunch programs.

The Fiscal Bureau coordinates implementation and monitoring of the division's budget.

Statutory authority is in Title 53, Chapter 2, MCA, and 45 CFR.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Pounds of food delivered to Indian Reservations, elderly feeding sites, charitable organizations, and soup kitchens (in millions) | 9 | 9 | 9 | 9 | 8 | 8 |
| Number of low-income homes weatherized | 2,765 | 2,000 | 1,638 | 1,500 | 1,600 | 1,600 |
| Number of households provided with energy assistance | 16,977 | 18,000 | 19,125 | 20,000 | 20,000 | 20,800 |
| Achieve the all family work participation rate to qualify for the 75% state maintenance of effort | 50% | 50% | 50% | 50% | 50% | 50% |
| Achieve the two-parent work participation rate to qualify for the 75% state maintenance of effort | 90% | 90% | 90% | 90% | 90% | 90% |
| Number of low-income working families receiving child care assistance | 7,603 | 6,169 | 5,689 | 6,600 | 6,600 | 6,400 |
| Number of meals served by the Child and Adult Care Food Program | 8,544,870 | 8,228,739 | 8,457,786 | 8,600,000 | 8,750,000 | 8,750,000 |

Public Health and Human Services-6901

Human and Community Services-02

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 450.61 | (6.17) | 0.00 | 444.44 | (6.25) | 0.00 | 444.36 |
| Personal Services | 17,507,187 | 634,734 | 0 | 18,141,921 | 624,193 | 0 | 18,131,380 |
| Operating Expenses | 5,580,843 | 365,471 | 0 | 5,946,314 | 436,856 | 0 | 6,017,699 |
| Equipment | 59,368 | 0 | 0 | 59,368 | 0 | 0 | 59,368 |
| Grants | 14,243,871 | 1,444,830 | 0 | 15,688,701 | 1,687,642 | 0 | 15,931,513 |
| Benefits & Claims | 141,358,984 | 27,716,858 | 6,027,084 | 175,102,926 | 37,545,935 | 4,493,268 | 183,398,187 |
| Debt Service | 552 | 0 | 0 | 552 | 0 | 0 | 552 |
| Total Costs | \$178,750,805 | \$30,161,893 | \$6,027,084 | \$214,939,782 | \$40,294,626 | \$4,493,268 | \$223,538,699 |
| General Fund | 22,929,286 | 382,863 | 366,373 | 23,678,522 | 442,666 | 283,916 | 23,655,868 |
| State/Other Special | 159,542 | 100,000 | 350,711 | 610,253 | 100,000 | 349,352 | 608,894 |
| Federal Special | 155,661,977 | 29,679,030 | 5,310,000 | 190,651,007 | 39,751,960 | 3,860,000 | 199,273,937 |
| Total Funds | \$178,750,805 | \$30,161,893 | \$6,027,084 | \$214,939,782 | \$40,294,626 | \$4,493,268 | \$223,538,699 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,097,312) | (\$19,063) |
| FY07 | (\$1,041,096) | \$37,153 |

PL- 41 - Child Care Match Reduction -

This \$2.1 million biennial reduction in federal funds and biennial increase in general fund of \$18,090 is the result of a reduction in the federal match grant and changes in the Federal Medical Assistance Percentage rates in FY 2006 and FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$128,779 | \$64,390 |
| FY07 | \$149,917 | \$74,958 |

PL- 54 - Offices of Public Assistance Rent Increase -

The department requests \$278,696 in all funds for rent increases at Offices of Public Assistance across the state. Funding of rent expense is half general fund and half federal funds. Funding at this level will allow the department to maintain the leases that are currently under contract and relocate the Glacier County office to a more suitable site.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,194,671 | \$0 |
| FY07 | \$1,244,671 | \$0 |

PL- 100 - Energy Assistance Increases -

This request is for more than \$2.4 million over the biennium to augment the resources available to low-income people and bring the authority up to the expected funding for seven federal grants and state special revenue energy assistance fund. About \$2.2 million of this increase is federal funding and \$200,000 is state special revenue derived from the Universal Low-Income Energy Assistance fund.

Public Health and Human Services-6901

Human and Community Services-02

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$17,757,693 | \$0 |
| FY07 | \$26,777,752 | \$0 |

PL- 119 - Food Stamp Benefit Increases -

This present law adjustment requests approximately \$44.5 million in federal appropriation authority over the biennium to fund the historical caseload and poverty level adjustments in the food stamp program. Benefit cases have increased more than 23 percent in the last three years. Food stamp benefit expenditures are estimated to rise to \$95.3 million in FY 2006 and \$104.3 million in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$6,906,315 | \$0 |
| FY07 | \$6,906,315 | \$0 |

PL- 120 - Child Care Discretionary Fund Increases -

An increase in federal authority of \$6.9 million per year and 0.20 FTE are requested for the child care discretionary fund. These funds help pay for the child care costs of the Temporary Assistance for Needy Families (TANF) program and for low-income working families. A substantial portion of this request will be funded from transfers from the TANF block grant.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,690,464 | \$0 |
| FY07 | \$4,443,244 | \$0 |

PL- 125 - TANF Benefits Assistance Increase -

This present law adjustment requests more than \$8.1 million in federal appropriation authority for the biennium to fund a projected three percent increase per year in the caseload of the Temporary Assistance for Needy Families (TANF) program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$954,830 | \$0 |
| FY07 | \$1,197,642 | \$0 |

PL- 127 - Child and Adult Care Food Program Increase -

Federal appropriation authority is requested in the amount of \$955,000 for FY 2006 and \$1.2 million for FY 2007 for the Child and Adult Care Food Program. This amount reflects the anticipated 2.3 percent historical rate increase in program reimbursement rates and an anticipated recovery in Child Care activity.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$277,892) | (\$138,946) |
| FY07 | (\$282,135) | (\$141,067) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction based on the reductions taken in the 2003 legislative session. This \$280,000 general fund, \$280,000 federal funds, and 6.50 FTE are removed from the budget permanently.

Public Health and Human Services-6901

Human and Community Services-02

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$51,031 | \$51,031 |
| FY07 | \$51,031 | \$51,031 |

NP- 69 - Tribal TANF Maintenance of Effort -

An annual general fund appropriation increase is requested in the amount of \$51,031. This appropriation is necessary to transfer Maintenance of Effort funds to Native American tribes that have moved from the state's Temporary Assistance for Needy Families (TANF) plan and now administer their own tribal TANF programs. The appropriation also allows the state to transfer an additional \$100,000 general fund for each of the fiscal years of the succeeding biennium for each of these tribes, as per MCA 53-4-210.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,850,000 | \$0 |
| FY07 | \$1,850,000 | \$0 |

NP- 144 - Higher TANF Work Participation Rates – OTO -

This decision package requests \$3.7 million of federal authority for the 2007 biennium to assist the department in meeting new work participation rate requirements in the Temporary Assistance for Needy Families (TANF) program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,450,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 145 - Energy Conservation and Energy Assistance Biennial – OTO -

A biennial one-time-only appropriation of \$1.45 million is requested to spend the existing Energy Conservation and Energy Assistance Account federal funds for low-income energy assistance and low-income home weatherization.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,000,000 | \$0 |
| FY07 | \$1,000,000 | \$0 |

NP- 147 - TANF Incentive Awards -

This new proposal requests \$2 million of federal spending authority for the 2007 biennium to provide achievement incentives to participants in the Temporary Assistance for Needy Families (TANF) program. These funds will be used to develop incentive awards for those TANF participants who achieve their General Educational Development High School Equivalency Diploma, maintain employment for specified time periods, or other achievements that help to move families toward self-support.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,000,000 | \$0 |
| FY07 | \$1,000,000 | \$0 |

NP- 148 - TANF Diversionary Projects -

This new proposal requests \$2 million of federal spending authority for the 2007 biennium to provide diversionary projects to help prevent families that are in a short-term crisis from becoming benefit recipients in the Temporary Assistance for Needy Families (TANF) program.

Public Health and Human Services-6901

Human and Community Services-02

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$0 |
| FY07 | \$10,000 | \$0 |

NP- 167 - Food Stamp Outreach -

This new proposal requests \$20,000 federal appropriation authority for the biennium to fund the Food Stamp Outreach program. The funding will allow this successful program to expand from Missoula County into Lewis and Clark and Silver Bow counties.

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$666,053 | \$315,342 |
| FY07 | \$582,237 | \$232,885 |

NP- 5 - Continuation of PSA for Child Care -

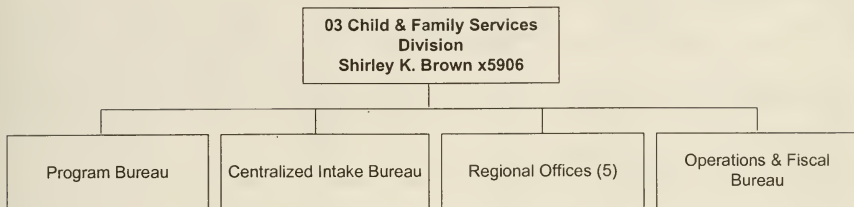
The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of over \$700,000 in state special revenue through the Prevention and Stabilization Account and close to \$550,000 in general fund to continue child care services. These services are scheduled to terminate on June 30, 2005 due to one time only funding of SB 485. Please see page B-2 for more details on PSA funding.

Language Recommendations –

The President's current budget proposal intends "to adjust cost allocations as they relate to TANF, Medicaid, and the FSP. It will reduce the federal reimbursement for administrative costs of Medicaid by \$300 million to reflect the share assumed in the Temporary Assistance for Needy Families (TANF) block grant and will prohibit states from using TANF funds to pay these costs in FY 2005." Montana's share of the \$300 million is \$646,000 to be offset annually from the state's administrative costs for the Medicaid program. This amount is not included in the proposed budget for the Human and Community Services Division. Sometime during the 59th legislative session the department will know if the federal FY 2005 budget contains this Medicaid Offset requirement and, at that time, the budget may require modification based on the final determination of the cost to Montana.

Public Health and Human Services-6901

Child and Family Services-03



Program Description - The Child and Family Services Division (CFSD) administers child protective services, child abuse and neglect services, prevention services, domestic violence grants, and other programs designed to keep children safe and families strong. CFSD oversees five regional offices that administer programs and are advised by Local Family Services Advisory Councils, which serve as the link between local communities and DPHHS. CFSD is the primary user of the statewide Child and Adult Protective Services (CAPS) computer system.

Statutory authority for the program is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Total number of children in out of home care at some time throughout the year (unduplicated) | 3,184 | 2,884 | 2,834 | 3,030 | 3,121 | 3,215 |
| Total number of children entering care | 1,559 | 1,456 | 1,383 | 1,424 | 1,467 | 1,511 |
| Total number of children exiting care | 1,724 | 1,492 | 1,194 | 1,230 | 1,267 | 1,305 |
| Finalized subsidized adoption caseload | 1,299 | 1,449 | 1,519 | 1,595 | 1,675 | 1,759 |
| Average number of placements per child per year | 3.93 | 4.02 | 3.95 | 3.8 | 3.7 | 3.6 |
| Total number of families served by in-home services programs | 1,381 | 1,409 | 1,437 | 1,466 | 1,495 | 1,525 |
| Average length of time (number of days) children remain in out of home placements | 827 | 839 | 845 | 835 | 825 | 815 |
| Permanent placements | 744 | 672 | 534 | 600 | 650 | 700 |
| Use of extended families for kinship placement | 446 | 371 | 489 | 500 | 515 | 530 |

Public Health and Human Services-6901

Child and Family Services-03

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 340.45 | (6.35) | 0.00 | 334.10 | (6.45) | 0.00 | 334.00 |
| Personal Services | 13,413,633 | 1,674,415 | 0 | 15,088,048 | 1,681,002 | 0 | 15,094,635 |
| Operating Expenses | 3,595,357 | 131,727 | 0 | 3,727,084 | 164,048 | 0 | 3,759,405 |
| Grants | 5,445,386 | 0 | 1,500,000 | 6,945,386 | 0 | 1,600,000 | 7,045,386 |
| Benefits & Claims | 23,684,654 | 2,741,989 | 157,000 | 26,583,643 | 4,190,718 | 157,000 | 28,032,372 |
| Debt Service | 88,687 | 0 | 0 | 88,687 | 0 | 0 | 88,687 |
| Total Costs | \$46,227,717 | \$4,548,131 | \$1,657,000 | \$52,432,848 | \$6,035,768 | \$1,757,000 | \$54,020,485 |
| General Fund | 20,903,608 | 2,924,071 | 0 | 23,827,679 | 3,802,688 | 0 | 24,706,296 |
| State/Other Special | 1,451,685 | 1,429 | 0 | 1,453,114 | 1,441 | 0 | 1,453,126 |
| Federal Special | 23,872,424 | 1,622,631 | 1,657,000 | 27,152,055 | 2,231,639 | 1,757,000 | 27,861,063 |
| Total Funds | \$46,227,717 | \$4,548,131 | \$1,657,000 | \$52,432,848 | \$6,035,768 | \$1,757,000 | \$54,020,485 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,263,923 | \$1,079,891 |
| FY07 | \$3,462,810 | \$1,651,760 |

PL- 15 - Subsidized Adoption Caseload Increase -

The request is for over \$2.7 million in general fund and almost \$3 million in federal funds for the Subsidized Adoption program for the 2007 biennium. This program is increasing due to two factors: new adoptions exceed the number of children aging out of the program; and new adoption agreements are more expensive than those negotiated in the past.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$478,066 | \$305,962 |
| FY07 | \$727,908 | \$465,861 |

PL- 18 - Foster Care Caseload Increase -

This decision package requests \$434,000 federal funds and \$772,000 general fund over the biennium for caseload increases in the Foster Care program. Caseload is projected to grow at 1.5 percent per year. Although costs were down in FY 2003 and FY 2004, these decreases were due to cost savings measures implemented in those years, and this trend will not continue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$356,941 | \$356,941 |
| FY07 | \$374,991 | \$374,991 |

PL- 35 - Annualize Medicaid Targeted Case Management Costs -

This proposal is for over \$730,000 in general fund over the biennium to replace base year expenditures that were understated due to a one-time-only adjustment in FY 2004 for a new Medicaid Targeted Case Management program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$265,392 |
| FY07 | \$0 | \$375,104 |

PL- 36 - FMAP Adjustment -Foster Care and Subsidized Adoption -

This request provides an increase in general fund of \$640,496 over the biennium, with an offsetting decrease in federal funds, due to the projected changes in the Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for the Foster Care and Subsidized Adoption programs. Please see page B-1 for further information on Medicaid changes.

Public Health and Human Services-6901

Child and Family Services-03

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$120,000 | \$72,000 |
| FY07 | \$120,000 | \$72,000 |

PL- 49 - Overtime - Replace Base Budget -

This request is for \$144,000 in general fund and \$96,000 in federal funds for the 2007 biennium for overtime pay. Overtime is not included in the personal services base budget. Overtime expenditures are required at times and average \$120,000 per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$154,471 | \$92,683 |
| FY07 | \$184,968 | \$110,981 |

PL- 53 - Rent Increases -

This request is for \$203,664 general fund and \$135,775 in federal funds for the 2007 biennium to pay for increased rent costs. The division pays rent in 39 local offices across the state. Most of the rental agreements have been negotiated for several years into the future with annual inflationary increases ranging from 1.5 percent to 5 percent. In addition, new locations in Missoula and Great Falls will be more expensive and make up the majority of this request. The new locations will be safer and more accessible for clients and staff.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$270,239) | (\$126,401) |
| FY07 | (\$276,114) | (\$129,101) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 6.45 FTE and \$256,000 general fund per biennium, plus \$291,000 in federal funds, are removed from the budget permanently.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$300,000 | \$0 |
| FY07 | \$400,000 | \$0 |

NP- 152 - Increased Federal Grants -

The agency is requesting \$700,000 of additional federal spending authority for the 2007 biennium for two grants. This request includes additional federal authority of \$500,000 for the biennium for the Safe and Stable Families grant. This grant also requires a 20 percent match and the division has adequate matching funds in the base budget. This request includes additional federal authority of \$200,000 for the biennium for the Independent Living Grant. This grant requires a 20 percent match that is met at the local level.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$157,000 | \$0 |
| FY07 | \$157,000 | \$0 |

NP- 177 - Education and Training Vouchers for Foster Youth -

The proposal adds federal spending authority of \$314,000 over the biennium for the Education and Training Voucher program which is a newly authorized purpose under the Chafee Foster Care Independence Program. This grant targets additional resources specifically to meet the education and training needs of youth aging out of foster care.

**Public Health and Human Services-6901
Child and Family Services-03**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,200,000 | \$0 |
| FY07 | \$1,200,000 | \$0 |

NP- 178 - Social Services Stipend Program -

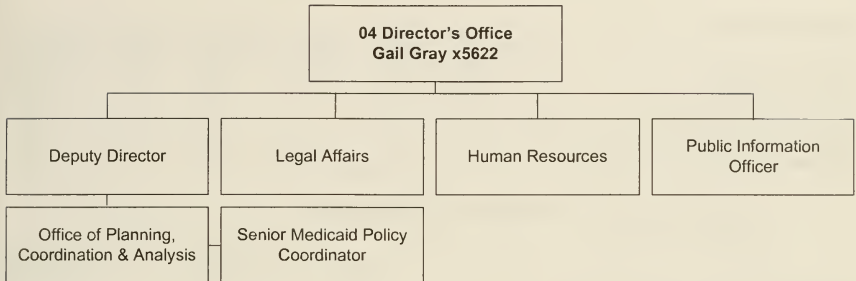
This federal authority request is for \$1.2 million per year to provide stipends for existing and potential Child and Family Services and Tribal social workers to obtain their Bachelor or Masters of Social Work degrees. Programs are currently in place at the University of Montana and Salish Kootenai College. The schools provide the required Social Security Act Title IV Part E match.

Language Recommendations –

The Child and Family Services Division is authorized to pursue the hiring of five FTEs provided these actions do not require or commit the state to additional general fund expenditures beyond the amount appropriated for the 2007 biennium by the legislature for this division.

Public Health and Human Services-6901

Director's Office-04



Program Description - Program Description - The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are the Deputy Director, state Medicaid director, legal affairs, personnel services, public information, the prevention resource center, the AmeriCorps*VISTA Program, and the Office of Planning, Coordination, and Analysis. The Department of Public Health and Human Services Statewide Advisory Council, the Native American Advisory Council, and the Montana Health Coalition are administratively attached and the director serves on the Interagency Coordinating Council for State Prevention Programs, which is attached to the Governor's Office.

The Office of Planning, Coordination, and Analysis was established to assist the department director and deputy director in enhancing DPHHS program services provided to Montanans. This office is a continuation and an extension of the duties performed by the refinancing unit initially established through HB 2 of the 2002 special legislative session. The office is projected to save approximately \$500,000 general fund per year.

Statutory authority is in Title 2, Chapter 15, part 22 and Title 53, Chapter 19, part 3, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 36.75 | (0.75) | 0.00 | 36.00 | (0.75) | 6.00 | 42.00 |
| Personal Services | 2,618,625 | (572,292) | 0 | 2,046,333 | (572,143) | 312,552 | 2,359,034 |
| Operating Expenses | 852,235 | 11,439 | 0 | 863,674 | 12,242 | 5,000,000 | 5,864,477 |
| Benefits & Claims | 0 | 0 | 0 | 0 | 0 | 14,787,448 | 14,787,448 |
| Debt Service | 8,282 | 0 | 0 | 8,282 | 0 | 0 | 8,282 |
| Total Costs | \$3,479,142 | (\$560,853) | \$0 | \$2,918,289 | (\$559,901) | \$20,100,000 | \$23,019,241 |
| General Fund | 1,438,349 | (247,056) | 0 | 1,191,293 | (244,066) | 0 | 1,194,283 |
| State/Other Special | 290,435 | (42,344) | 0 | 248,091 | (42,085) | 100,000 | 348,350 |
| Federal Special | 1,750,358 | (271,453) | 0 | 1,478,905 | (273,750) | 20,000,000 | 21,476,608 |
| Total Funds | \$3,479,142 | (\$560,853) | \$0 | \$2,918,289 | (\$559,901) | \$20,100,000 | \$23,019,241 |

Public Health and Human Services-6901
Director's Office-04

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of Employees | 3,084 | 2,983 | 2,896 | 2,896 | 2,831 | 2,831 |
| Workers Comp Claims Processed | 741 | 670 | 651 | 700 | 700 | 700 |
| ERTW Coordinated Claims | 72 | 59 | 36 | 30 | 30 | 30 |
| Trainings (Safety, Policy, New Employee) | 415 | 345 | 366 | 475 | 475 | 475 |

-----**Present Law Adjustments**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$39,877) | (\$19,532) |
| FY07 | (\$39,997) | (\$19,591) |

PL- 9999 - Statewide FTE Reduction -
This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.75 FTE and \$39,000 general fund per biennium, along with \$431 in state special revenue and \$40,000 in federal funds, are removed from the budget permanently.

-----**Other Legislation Required to Implement HB2**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$20,000,000 | \$0 |

NP- 188 - HIFA Waiver – Medicaid Redesign -

This proposal requests \$20 million over the biennium in federal authority required for the Health Insurance Flexibility and Accountability (HIFA) waiver. Federal funds will be used to finance the Mental Health Services Plan (MHSP), which is currently a 100 percent state funded program, and will be distributed to the Addictive and Mental Disorders Division, Health Resources Division, and Operations and Technology Division. The state match for the federal funds will be moved from the MHSP and be used as match for expanded health care coverage. An additional 6.00 FTE are included for program administration.

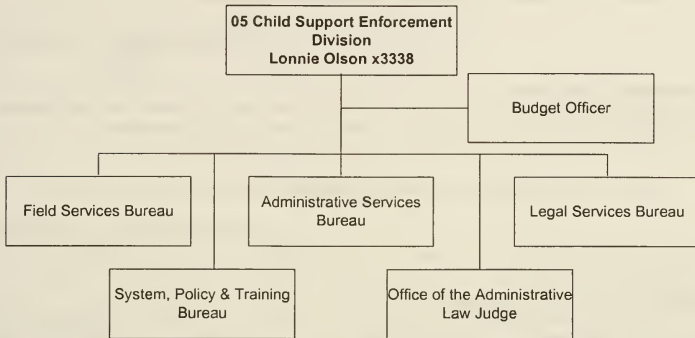
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$100,000 | \$0 |

NP- 189 - Waiver of Deeming -

The Waiver of Deeming currently allows the medical expenses of developmentally disabled individuals to be covered by Medicaid regardless of the income level of the family. This proposal will provide state special revenue of \$100,000 of additional staff resources to determine the personal family assets of developmentally disabled persons and allows the department to recover co-payment or enrollment fees from those families able to pay for a part of the care.

Public Health and Human Services-6901

Child Support Enforcement-05



Program Description - The purpose of the Child Support Enforcement Division (CSED) is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance, Families Achieving Independence in Montana (FAIM), and those not on assistance. Services are available to any applicant regardless of income level.

Activities carried out by program staff are authorized in Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Percent of cases in enforcement | 84% | 84% | 84% | 84% | 84% | 84% |
| Child Support Collections | 51,423,420 | 53,002,074 | 54,322,737 | 55,000,000 | 56,000,000 | 57,000,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 168.25 | (0.04) | 0.00 | 168.21 | (0.18) | 0.00 | 168.07 |
| Personal Services | 6,737,069 | 652,045 | 0 | 7,389,114 | 637,211 | 0 | 7,374,280 |
| Operating Expenses | 1,617,217 | 52,974 | 1,263,678 | 2,933,869 | 52,978 | 0 | 1,670,195 |
| Equipment | 24,400 | 0 | 0 | 24,400 | 0 | 0 | 24,400 |
| Total Costs | \$8,378,686 | \$705,019 | \$1,263,678 | 10,347,383 | \$690,189 | 0 | \$9,068,875 |
| General Fund | 271,275 | (1,482) | 396,345 | 666,138 | (6,706) | 392,078 | 656,647 |
| State/Other Special | 2,056,466 | 240,808 | 867,333 | 3,164,607 | 237,541 | (392,078) | 1,901,929 |
| Federal Special | 6,050,945 | 465,693 | 0 | 6,516,638 | 459,354 | 0 | 6,510,299 |
| Total Funds | \$8,378,686 | \$705,019 | \$1,263,678 | \$10,347,383 | \$690,189 | \$0 | \$9,068,875 |

Public Health and Human Services-6901

Child Support Enforcement-05

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,482) | (\$1,482) |
| FY07 | (\$6,706) | (\$6,706) |

PL- 9999 - Statewide FTE Reduction -
This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.18 FTE and \$8,000 general fund per biennium are removed from the budget permanently.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$396,345 |
| FY07 | \$0 | \$392,078 |

NP- 191 - Child Support Maintenance Funding -
This decision package requests general fund of less than \$790,000 over the biennium to replace federal incentive funding that has decreased due to a change in the federal calculation method. This is necessary to maintain Child Support Enforcement Division operations at the current level and enable the division to meet federal performance standards required to obtain federal funding.

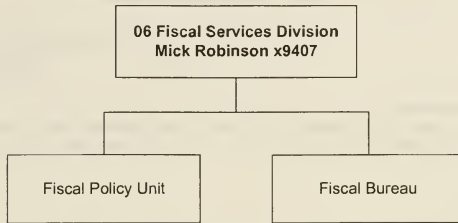
-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,263,678 | \$0 |
| FY07 | \$0 | \$0 |

NP- 6 - Continuation of PSA for Child Support Enforcement -
The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of close to \$1.3 million in state special revenue through the Prevention and Stabilization Account to continue services at the level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one-time-only funding of SB 485. Please see page B-2 for further information on PSA funding.

Public Health and Human Services-6901

Fiscal Services-06



Program Description - Fiscal Services Division (FSD) provides support including financial and accounting services; agency cash management; preparation and filing of federal financial reports; payroll services; and purchasing of supplies and equipment for the department. The division provides leadership and guidance in the development and implementation of accounting policies and procedures, as well as innovative, effective and efficient business processes that represent best practices.

The division's funding is a complex mixture of state and federal money determined by ratios associated with total departmental funding. Approximately 60 percent of the funding comes from federal sources.

Statutory authority is in Title 17, Chapter 1, part 1, and Chapter 2, MCA, and 45 CFR Subtitle A, Part 92 and Subpart C92.2.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Total number of payments processed * | 650,419 | 630,799 | 530,273 | 520,000 | 520,000 | 520,000 |
| Reimbursement Collections | \$23,839,437 | \$23,367,510 | \$23,496,513 | \$19,516,092 | \$19,516,092 | \$19,516,092 |
| Reimbursement Claims Processed ** | 19,747 | 18,636 | 15,493 | 12,868 | 12,868 | 12,868 |
| Number of Accountable Grants/Funds | 152 | 166 | 166 | 167 | 169 | 170 |

*Total number of payments processed – The department has implemented the electronic processing of TANF and Child Support payments and implemented the PERQS, Travel and Contracts Subsystems that consolidate vendor payments, reducing the number of client warrants issued.

**Reimbursement claims processed – the reduction reflects the closure of Eastmont and a population reduction at Montana Mental Health Nursing Care Center.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 54.00 | (0.60) | 0.00 | 53.40 | (0.60) | 0.00 | 53.40 |
| Personal Services | 2,188,515 | 125,426 | 0 | 2,313,941 | 123,105 | 0 | 2,311,620 |
| Operating Expenses | 2,765,704 | 907,435 | 0 | 3,673,139 | 593,934 | 0 | 3,359,638 |
| Debt Service | 32,631 | 0 | 0 | 32,631 | 0 | 0 | 32,631 |
| Total Costs | \$4,986,850 | \$1,032,861 | \$0 | \$6,019,711 | \$717,039 | \$0 | \$5,703,889 |
| General Fund | 1,913,526 | 331,896 | 0 | 2,245,422 | 193,074 | 0 | 2,106,600 |
| State/Other Special | 281,425 | 74,787 | 0 | 356,212 | 68,369 | 0 | 349,794 |
| Federal Special | 2,791,899 | 626,178 | 0 | 3,418,077 | 455,596 | 0 | 3,247,495 |
| Total Funds | \$4,986,850 | \$1,032,861 | \$0 | \$6,019,711 | \$717,039 | \$0 | \$5,703,889 |

**Public Health and Human Services-6901
Fiscal Services-06**

-----**Present Law Adjustments**-----

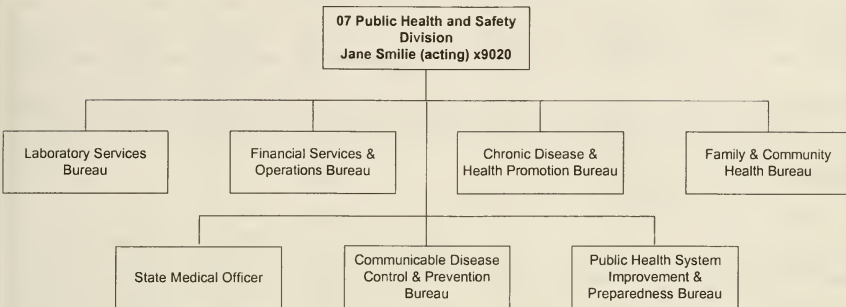
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$20,501) | (\$20,501) |
| FY07 | (\$20,638) | (\$20,638) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.60 FTE and \$41,000 general fund per biennium are removed from the budget permanently.

Public Health and Human Services-6901

Public Health and Safety-07



Program Description - Program Description - The purpose of the Public Health and Safety Division (PHSD) is to improve and protect the health and safety of Montanans. The division provides a wide range of preventive, emergency preparedness, and other public health services to individuals and communities. Services are provided through a broad range of private and public providers, including public health departments, clinics, and hospitals. The division administers public health programs including, but not limited to:

1. Clinical and environmental laboratory services;
2. Women's, Infants and Children's Special Nutrition Program (WIC);
3. Maternal and Child Public Health Services;
4. Immunization programs;
5. STD/HIV prevention;
6. Food and Consumer Safety;
7. Emergency Medical Services;
8. Family Planning;
9. Chronic and communicable disease prevention; and
10. Public health emergency preparedness.

Public health is administered at both the state level and at the local level through contract arrangements with local public health and other health service agencies. The division provides public health services through over 700 contracts with local providers.

Statutory authority for public health functions is in Title 50, MCA, including local public health activities. Rules concerning public health programs are in Title 37 of the Administrative Rules of Montana. Specific citations include: Maternal and Child Health Title 50, Chapter 1 and Chapter 19, MCA, and Title V of the Social Security Act; Family Planning Title X of the federal Public Health Service Act and 42 CFR, Subpart A, Part 59; WIC P. L. 95-627, Child Nutrition Act of 1966, and 7CFR part 246

Program Indicators -

| Indicator | Actual FY2002 | Actual 2003 | Actual 2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|----------------|----------------|---------------------|---------------------|---------------------|
| Number of clients served by WIC Program | 21,121 | 21,332 | 21,545 | 21,760 | 21,640 | 21,748 |
| Net Food Costs for WIC | \$8,798,845 | \$9,241,022 | \$9,708,177 | \$10,197,258 | \$10,444,385 | \$10,757,717 |

Public Health and Human Services-6901

Public Health and Safety-07

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 157.03 | (0.24) | 12.00 | 168.79 | (0.29) | 12.00 | 168.74 | |
| Personal Services | 6,747,304 | 713,572 | 507,196 | 7,968,072 | 707,437 | 505,799 | 7,960,540 | |
| Operating Expenses | 20,269,621 | 5,285,799 | 2,506,908 | 28,062,328 | 5,286,066 | 1,245,000 | 26,800,687 | |
| Equipment | 132,349 | 0 | 0 | 132,349 | 0 | 0 | 132,349 | |
| Grants | 6,664,753 | 632,000 | 0 | 7,296,753 | 632,000 | 0 | 7,296,753 | |
| Benefits & Claims | 9,112,972 | 0 | 0 | 9,112,972 | 0 | 0 | 9,112,972 | |
| Debt Service | 37,587 | 0 | 0 | 37,587 | 0 | 0 | 37,587 | |
| Total Costs | \$42,964,586 | \$6,631,371 | \$3,014,104 | \$52,610,061 | \$6,625,503 | \$1,750,799 | \$51,340,888 | |
| General Fund | 1,852,039 | 74,855 | 183,992 | 2,110,886 | 71,407 | 183,991 | 2,107,437 | |
| State/Other Special | 5,320,797 | 516,372 | 1,223,796 | 7,060,965 | 518,572 | (38,239) | 5,801,130 | |
| Federal Special | 35,791,750 | 6,040,144 | 1,606,316 | 43,438,210 | 6,035,524 | 1,605,047 | 43,432,321 | |
| Total Funds | \$42,964,586 | \$6,631,371 | \$3,014,104 | \$52,610,061 | \$6,625,503 | \$1,750,799 | \$51,340,888 | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$159,000 | \$0 |
| FY07 | \$159,000 | \$0 |

PL- 96 - Increase Funding for Local Board Inspection Funds -

This request is for an additional \$159,000 each year of the biennium for increased state special revenue spending authority for Food and Consumer Safety Section Local Board Inspection Funds license fees. These fees were increased by the 2003 Legislature and implemented in FY 2005, so are not reflected in the base.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$72,000 | \$0 |
| FY07 | \$72,000 | \$0 |

PL- 102 - Additional Authority for Lab Supplies -

This request adds \$72,000 each year of the biennium of state special spending authority to meet projected increases in the public health laboratory supply budget for increased test volumes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,026,038 | \$0 |
| FY07 | \$1,022,238 | \$0 |

PL- 124 - Fully Implement Emergency Preparedness -

This request is for additional federal spending authority of \$2,048,000 over the biennium for increased funding for Public Health Emergency Preparedness (Centers for Disease Control and Prevention). Expenditures for public health preparedness activities continue to increase as this program becomes fully implemented.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,166,050 | \$0 |
| FY07 | \$1,165,852 | \$0 |

PL- 128 - Fully Implement Hospital Emergency Preparedness -

This decision package requests an additional \$1,166,000 each year of the biennium in federal spending authority for increased funding for Hospital Emergency Preparedness funded by the Health Resources and Services Administration to fully implement hospital preparedness activities.

Public Health and Human Services-6901

Public Health and Safety-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$445,000 | \$0 |
| FY07 | \$445,000 | \$0 |

PL- 129 - Expanded West Nile Activities -

This request is for an additional \$445,000 each year of the biennium for increased federal spending authority, due to expanded West Nile activities in Montana through the Epidemiology and Lab Capacity Cooperative agreement.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$300,000 | \$0 |
| FY07 | \$300,000 | \$0 |

PL- 130 - Increase Funding for Breast and Cervical Cancer -

This request adds \$300,000 each year of the biennium for increased federal spending authority for the Montana Breast and Cervical Health Program. This funding will support performance based contracts and provider reimbursement for breast and cervical cancer screening for 3,000 women.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$274,971 | \$0 |
| FY07 | \$274,971 | \$0 |

PL- 131 - Increase Funding for Obesity Prevention Grant -

This request is for an additional \$274,971 each year of the biennium for federal spending authority for the Centers for Disease Control Obesity Prevention Grant. This funding will fund interventions within Montana communities, work sites, and schools to promote healthy nutrition and regular physical activity.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$175,000 | \$0 |
| FY07 | \$175,000 | \$0 |

PL- 133 - Increase Funding for Biomonitoring -

This request is for an additional \$175,000 federal funds each year of the biennium for increased funding for the Biomonitoring grant. This grant is provided by Centers for Disease Control to investigate human exposure to chemical contaminants in the environment.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$168,000 | \$0 |
| FY07 | \$168,000 | \$0 |

PL- 134 - Increase Funding for Ryan White AIDS Grant -

This request is for an additional \$168,000 each year of the biennium for increased federal spending authority for Ryan White Title II. This funding will allow the state to take advantage of expanded available treatment funding by matching with AIDS - Prevention and Stabilization Account funding and increase available treatment funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,000 | \$0 |
| FY07 | \$100,000 | \$0 |

PL- 136 - Increase Funding for Tuberculosis Grant -

This request adds \$200,000 over the biennium in federal funds for increased funding for the Tuberculosis Elimination Cooperative Agreement.

Public Health and Human Services-6901

Public Health and Safety-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$78,000 | \$0 |
| FY07 | \$78,000 | \$0 |

PL- 137 - Increase Funding for Immunization Grant -

This request is for an additional \$78,000 each year of the biennium for increased federal spending authority for immunizations.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$61,000 | \$0 |
| FY07 | \$61,000 | \$0 |

PL- 138 - Increase Funding for Rape Prevention and Sexual Assault -

This request is for an additional \$61,000 each year of the biennium for increased federal spending authority for the Rape Prevention and Sexual Assault grant.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$44,000 | \$0 |
| FY07 | \$44,000 | \$0 |

PL- 139 - Increase Funding for STD Prevention -

This request is for an additional \$44,000 each year of the biennium for increased federal spending authority for the Sexually Transmitted Diseases Prevention program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$35,000 | \$0 |
| FY07 | \$35,000 | \$0 |

PL- 140 - Increase Funding for Health Trend Monitoring -

This request is for an additional \$70,000 federal funds over the biennium for the Behavioral Risk Factor Surveillance System. This survey is a key source of information on health trends, risks for disease, access to health care and health-related practices of Montanans. The increased funding will allow the information from the survey to be more widely disseminated and better utilized for health improvements.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,000 | \$0 |
| FY07 | \$18,000 | \$0 |

PL- 141 - Increase Funding for Diabetes Control Program -

This request adds \$18,000 federal funds each year of the biennium for the Diabetes Control Program. These additional funds will be used to support the existing primary care practices in the state's quality improvement network and to work with new primary care practices over the biennium

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$591,000 | \$0 |
| FY07 | \$591,000 | \$0 |

PL- 169 - Montana Cardiovascular Health Program -

This request is for \$1,182,000 over the biennium in federal spending authority for the Montana Cardiovascular Health Program. This funding will enhance program efforts statewide targeting improved care for Montanans with heart disease, stroke, hypertension, and high cholesterol.

Public Health and Human Services-6901

Public Health and Safety-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$356,024 | \$0 |
| FY07 | \$356,024 | \$0 |

PL- 170 - Montana Tobacco Use Prevention Quit Line -

This request is for an additional \$356,024 each year of the biennium for federal spending authority for the Montana Tobacco Use Prevention Program to increase access to tobacco use cessation services.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,715 | \$0 |
| FY07 | \$30,715 | \$0 |

PL- 171 - Montana Tobacco Use Prevention Base Funding -

This request is for an additional \$30,715 each year of the biennium for increased federal spending authority for Montana Tobacco Use Prevention Program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$167,000 | \$0 |
| FY07 | \$167,000 | \$0 |

PL- 176 - Increase Funding - Preventative Health Block Grant -

This request is for an additional \$167,000 each year of the biennium for increased federal spending authority for the Preventative Health Block grant.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$632,000 | \$0 |
| FY07 | \$632,000 | \$0 |

PL- 185 - Increase Funding for Women, Infants and Children -

This request is for an additional \$632,000 each year of the biennium for increased federal spending authority for the Women, Infants and Children (WIC) grant. This grant is projected to be \$14 million each year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$12,675) | (\$12,675) |
| FY07 | (\$15,271) | (\$15,271) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.29 FTE and \$28,000 general fund for the biennium are removed from the budget permanently.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,000 | \$0 |
| FY07 | \$100,000 | \$0 |

NP- 101 - Prior Year Authority- Local Board Inspection Funds -

This request is for an additional \$100,000 each year of the biennium for state special spending authority for prior year local board inspection funds. These funds, a portion of the Food and Consumer Safety license fee, were collected in prior years and not distributed. Authority is needed to distribute these funds for activities related to improving performance in this area.

Public Health and Human Services-6901

Public Health and Safety-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,880 | \$0 |
| FY07 | \$45,752 | \$0 |

NP- 117 - Clinical Laboratory Specialist -

This request is for \$91,632 over the biennium for state special revenue spending authority for a Clinical Laboratory Specialist to work in the Public Health Laboratory. This position is needed to keep up with workloads, which have increased 21.6 percent over the last five years, while staffing has remained constant.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$275,000 | \$0 |
| FY07 | \$275,000 | \$0 |

NP- 155 - Rural Access to Emergency Devices Grant -

This request is for continuation of the Automatic External Defibrillator grant of \$275,000 federal spending authority each year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$150,000 | \$0 |
| FY07 | \$150,000 | \$0 |

NP- 156 - Comprehensive Cancer Control Program -

This request is for \$150,000 each year of the biennium for federal spending authority for the Comprehensive Cancer Control Program. This effort will increase cancer awareness and preventive screening among Montanans.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$145,000 | \$0 |
| FY07 | \$145,000 | \$0 |

NP- 158 - Smoke Detector and Fall Prevention Grant -

This request is for \$145,000 federal funds each year of the biennium for the Centers for Disease Control Smoke Detector and Fall Prevention grant.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$135,818 | \$0 |
| FY07 | \$135,440 | \$0 |

NP- 159 - Statewide Emergency Preparedness Staff -

This request is for 3.00 FTE and over \$270,000 in federal spending authority over the biennium to make permanent three current modified positions in the Public Health Emergency Preparedness area. The request includes a Food Safety Laboratory Scientist, Chemical Terrorism Laboratory Coordinator, and Administrative Support for Public Health Emergency Communications and Training.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,000 | \$0 |
| FY07 | \$100,000 | \$0 |

NP- 160 - Early Childhood Comprehensive System Grant -

This request is for \$100,000 each year of the biennium for increased federal spending authority for the Early Childhood Comprehensive System Grant. This program supports states in collaborative early childhood system development, with the ultimate goal of supporting families and children who are healthy and ready to learn at school entry. This grant will allow the department to design a plan for an Early Childhood Comprehensive System in Montana.

Public Health and Human Services-6901

Public Health and Safety-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$74,997 | \$0 |
| FY07 | \$74,794 | \$0 |

NP- 161 - Libby Asbestos Program Staffing -

This is a request for 2.00 FTE and \$75,000 each year of the biennium for federal spending authority to make permanent the current modified positions of program manager and administrative assistant for the Libby Asbestos Program in Libby, Montana.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$43,580 | \$0 |
| FY07 | \$43,461 | \$0 |

NP- 163 - Public Health Planner -

This is a request for 1.00 FTE and \$87,041 over the biennium for federal spending authority to make permanent the current modified position of Public Health Planner. This position is responsible for public health planning activities including providing data and support for state and local health assessment and health improvement planning. Work products include county health profiles, reports on the state of the state's health, and a Public Health and Safety Division strategic plan.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$40,207 | \$0 |
| FY07 | \$40,098 | \$0 |

NP- 164 - Communicable Disease Monitoring Staffing -

This is a request for 1.00 FTE and \$40,000 each year of the biennium for federal spending authority to make permanent the current modified position of Health Program Specialist for Communicable Disease Monitoring.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$37,188 | \$0 |
| FY07 | \$37,090 | \$0 |

NP- 165 - Environmental Public Health Tracking Staff -

This is a request for 1.00 FTE and \$37,000 each year of the biennium for federal spending authority to make permanent the current modified position of Environmental Public Health Tracking Program Specialist. This position's duties include addressing environmental health concerns and developing a public health tracking network.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$0 |
| FY07 | \$25,000 | \$0 |

NP- 166 - Adult Lead Reporting -

This request is for \$25,000 each year of the biennium for federal spending authority to fund the Adult Lead Reporting program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$450,000 | \$0 |
| FY07 | \$450,000 | \$0 |

NP- 172 - Increase Funding for Montana Disability and Health Program -

This request is for \$450,000 each year of the biennium in federal spending authority for the Montana Disability and Health Program. This program, funded through the Centers for Disease Control and Prevention, coordinates and provides services to prevent secondary conditions and improve the health of Montanans with disabilities. Secondary conditions are health conditions that are acquired after the onset of a primary disability. Examples of common secondary conditions in adults with developmental disabilities include weight problems, dental problems, and bladder dysfunction.

Public Health and Human Services-6901

Public Health and Safety-07

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,880 | \$0 |
| FY07 | \$45,752 | \$0 |

NP- 187 - Environmental Laboratory Chemist -

This request is for \$91,632 over the biennium in federal authority for a Chemist to work in the Environmental Laboratory. This Chemist will validate, implement and perform the new laboratory tests for Chemical Terrorism. These tests have been developed by Centers for Disease Control and Prevention but have not yet been available in Montana.

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,100,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 7 - Continuation of PSA for MIAMI -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of \$1.1 million in state special revenue through the Prevention and Stabilization Account to continue services in the Montana Initiative for the Abatement of Mortality in Infants (MIAMI) at the level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one-time-only funding of SB 485. Please see page B-2 for further information on PSA funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$84,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 11 - Continuation of PSA for AIDS Prevention -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of \$84,000 in state special revenue through the Prevention and Stabilization Account to continue services at the level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one-time-only funding of SB 485. Please see page B-2 for further information on PSA funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$77,908 | \$0 |
| FY07 | \$0 | \$0 |

NP- 12 - Continuation of PSA for Poison Control -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of \$77,908 in state special revenue through the Prevention and Stabilization Account to continue services at the level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one-time-only funding of SB 485. Please see page B-2 for further information on PSA funding.

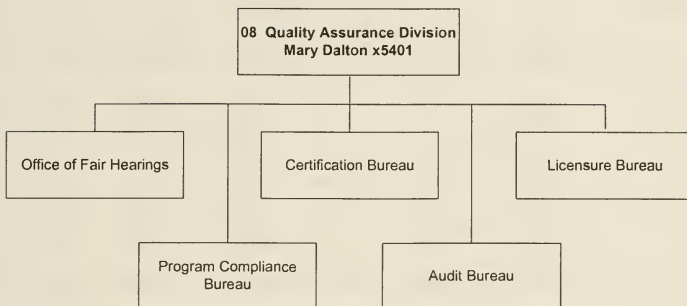
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$83,646 | \$183,992 |
| FY07 | \$83,412 | \$183,991 |

NP- 111 - Montana Tobacco Use Prevention Fund Switch and Reduction -

This decision package includes a biennial increase of \$167,058 in federal funds, along with a reduction of \$367,983 in state special spending authority from the Prevention and Stabilization Account (PSA) and an offsetting increase of \$367,983 in general fund. This will fund the Montana Tobacco Use Prevention Program at the FY 2004 base level. This decision package also requests to make permanent 2.00 modified FTE funded with federal tobacco prevention funds. This reduction in PSA funds is a reflection of projected decreasing revenues from tobacco settlement payments.

Public Health and Human Services-6901

Quality Assurance-08



Program Description - The Quality Assurance Division (QAD) provides comprehensive services that:

1. Protect the safety of clients utilizing Montana's health care, day care, and residential providers through licensure of 2,234 facilities; 397 of these facilities are certified by the Division for Medicare and Medicaid participation;
2. Detect and investigate abusive or fraudulent practices affecting the Medicaid, TANF and Food Stamp programs and initiate recovery efforts;
3. Reduce Medicaid costs by identifying other insurers or parties responsible for paying a client's medical expenses;
4. Provide both internal and external independent audits for DPHHS programs;
5. Provide independent fair hearings for clients and providers participating in DPHHS programs;
6. Monitor and evaluate health maintenance organizations for quality assurance and network adequacy;
7. Maintain the Certified Nurse Aide Registry;
8. Approve and monitor Nurse Aide Training programs;
9. Operate the Certificate of Need (CON) Program; and
10. Operate the internal HIPAA function for the Department.

QAD accomplishments for FY 2004 include:

- Saving Medicaid \$86 million by identifying other insurance resources for beneficiaries, including Medicare, health insurance, and casualty settlements;
- Recovering \$2.7 million through the Medicaid Lien and Estate Recovery program;
- Recovering \$790,000 in overpayments to clients for TANF and Food Stamps; and
- Recovering \$979,000 in Medicaid overpayments to providers.

Program Reorganization - The department's internal Health Insurance Portability and Accountability Act of 1996 (HIPAA) function was moved to the Quality Assurance Division from the Health Resources Division in FY 2004. The reorganization involved the transfer of 1.00 FTE.

Statutory authority is in 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C.; Title 50, Chapter 5, parts 1 and 2; Title 50, Chapter 5, part 11; Title 52, Chapter 2, part 7; and Title 53, Chapter 2, section 501, MCA; CFR 21, CFR 49, CFR 10; P.L. 102-359 (10-27-92).

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| State Health Care Licensure Visits | 284 | 354 | 454 | 495 | 522 | 571 |
| Medicaid TPL Cost Avoidance, Cash Recoveries and Lien and Estate | 85,052,346 | 93,037,698 | 92,729,091 | 101,378,960 | 110,835,697 | 121,174,570 |

Public Health and Human Services-6901

Quality Assurance-08

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 109.71 | (0.60) | 6.00 | 115.11 | (0.65) | 8.00 | 117.06 |
| Personal Services | 5,028,451 | 345,100 | 220,408 | 5,593,959 | 344,837 | 278,992 | 5,652,280 |
| Operating Expenses | 2,202,460 | (4,619) | 48,528 | 2,246,369 | (4,283) | 31,680 | 2,229,857 |
| Equipment | 8,759 | 0 | 0 | 8,759 | 0 | 0 | 8,759 |
| Grants | 291,663 | 0 | 0 | 291,663 | 0 | 0 | 291,663 |
| Total Costs | \$7,531,333 | \$340,481 | \$268,936 | \$8,140,750 | \$340,554 | \$310,672 | \$8,182,559 |
| General Fund | 1,910,520 | 158,728 | 56,551 | 2,125,799 | 158,420 | (170,464) | 1,898,476 |
| State/Other Special | 255,057 | 942 | 77,917 | 333,916 | 927 | 325,800 | 581,784 |
| Federal Special | 5,365,756 | 180,811 | 134,468 | 5,681,035 | 181,207 | 155,336 | 5,702,299 |
| Total Funds | \$7,531,333 | \$340,481 | \$268,936 | \$8,140,750 | \$340,554 | \$310,672 | \$8,182,559 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$32,108) | (\$32,108) |
| FY07 | (\$34,604) | (\$34,604) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.65 FTE and \$67,000 general fund per biennium are removed from the budget permanently.

-----New Proposals-----

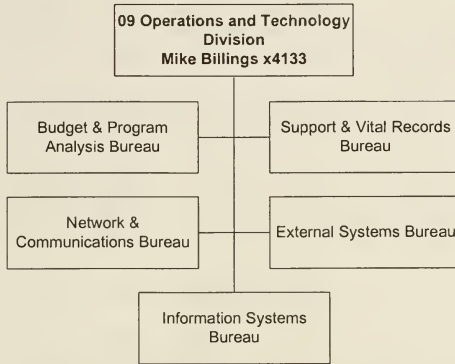
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$268,936 | \$56,551 |
| FY07 | \$310,672 | (\$170,464) |

NP- 190 - Medicaid Payment Error Rate Measurement -

This decision package adds \$403,717 in state special authority and \$289,804 in federal funds over the biennium, with a \$113,913 biennial reduction in general fund. The proposal seeks to create the new Medicaid Payment Error Rate Program and establish 8.00 FTE to perform Medicaid eligibility and medical reviews. This program is anticipated to be self-supporting through the savings generated by the reviews.

Public Health and Human Services-6901

Operations and Technology-09



Program Description - The Operations and Technology Division (OTD) provides operational support services for the agency. Services include planning, preparation, and management of the executive budget, and cost analysis and projections for large-scale welfare benefit programs such as Medicaid. The division is responsible for technology planning, design, development, implementation, and operation of information technology systems, and for management and planning of other electronic government applications. Internal computer systems include ISERV (time recording), PERQS (purchasing and accounts payable system), AWACS (payment data base), and MICRS (institutional reimbursement tracking system). In addition, the division services include telecommunications network management and security, computer support, communications services, videoconference center management, computer training, vital records management, and internal support services such as lease management, fleet management, and mailroom services.

The division manages contracts for major computer systems:

1. The Economic Assistance Management System (TEAMS) provides on-line eligibility determination for Food Stamps, TANF, and Medicaid programs;
2. Child Care Under the Big Sky (CCUBS) automates eligibility determination, case maintenance, payment, and reporting of day care benefits;
3. The System for Enforcement and Recovery of Child Support (SEARCHS) automates financial management of child support collections, absent parent location, paternity establishment, and order modifications;
4. The Montana Medicaid Information System (MMIS) is a medical provider claims processing, payment, and information retrieval system;
5. The Child and Adult Protective Services System (CAPS) is an automated social services information system covering all major program areas of child protection, adult services, and juvenile corrections;
6. The Montana Accesss Program is an electronic benefit transfer (EBT) system that provides on-line distribution of Food Stamp and Temporary Assistance for Needy Families (TANF), and Child Support collections;
7. The Electronic Birth Certificate (EBCS) and Death Registration (EDRS) systems for automated registration, issuance, and maintenance of vital events (birth and death);
8. TESS (The Eligibility Screening System) is an eligibility system serving the following two benefit programs: TESS-KIDS (Kids Insurance Determination System), an automated eligibility system for the Children's Health Insurance Plan (CHIP); and TESS-MHSP, an automated eligibility system for the Mental Health Service Plan (MHSP); and
9. The Virtual Human Services Pavilion, designed and developed to provide citizens with easy access to a wide range of government services and information.

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

Public Health and Human Services-6901

Operations and Technology-09

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Birth / Death Certificates Issued On-Line Note: On-Line Death Certificates started in FY 2004 | 54,455 | 63,840 | 75,290 | 85,000 | 100,000 | 130,000 |
| Information Systems Work Orders Completed | 100 | 116 | 61 | 120 | 120 | 120 |
| External Systems – Transactions TEAMS, SEARCHS, CAPS | 95,186,249 | 92,446,991 | 98,102,853 | 100,555,424 | 103,069,310 | 103,069,310 |
| Leases Managed | 76 | 78 | 77 | 78 | 78 | 78 |
| # of Medicaid Payments Issued | 111,493 | 124,369 | 120,612 | 126,643 | 132,975 | 139,623 |
| Medicaid Claims Processed | 5,220,075 | 5,705,460 | 6,667,205 | 7,667,286 | 8,817,379 | 10,139,985 |
| Computers Supported | 2,950 | 3,000 | 3,100 | 3,150 | 3,170 | 3,200 |
| Servers Managed | 100 | 104 | 106 | 110 | 115 | 120 |
| Montana Access Program (EBT) | | | | | | |
| Food Stamps # of Pmts | 65,716* | 367,110 | 402,479 | 416,448 | 447,460 | 480,778 |
| \$ Amt | \$10,773,898 | \$64,877,254 | \$77,476,237 | \$87,041,796 | \$95,313,455 | \$104,333,634 |
| TANF # of Pmts | 18* | 4,609 | 17,285 | 31,415 | 44,787 | 58,159 |
| \$ Amt | \$6,310 | \$1,964,258 | \$5,787,885 | \$10,524,025 | \$15,003,645 | \$19,483,265 |
| Child Support # of Pmts | N/A* | 21,110 | 104,455 | 119,400 | 133,800 | 148,200 |
| Child Support \$ Amt | N/A* | \$2,245,700 | \$11,394,714 | \$13,014,600 | \$14,584,200 | \$16,153,800 |
| *Food Stamp EBT Statewide Implementation June 2002 | | | | | | |
| *TANF EBT Statewide Implementation Oct 2002 | | | | | | |
| *Child Support EBT Statewide Implementation May 2003 | | | | | | |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 83.60 | (1.88) | 0.00 | 81.72 | (1.96) | 0.00 | 81.64 |
| Personal Services | 4,091,204 | 64,876 | 0 | 4,156,080 | 58,891 | 0 | 4,150,095 |
| Operating Expenses | 23,459,177 | (377,257) | 0 | 23,081,920 | (346,474) | 0 | 23,112,703 |
| Equipment | 6,800 | 0 | 0 | 6,800 | 0 | 0 | 6,800 |
| Debt Service | 322,092 | 0 | 0 | 322,092 | 0 | 0 | 322,092 |
| Total Costs | \$27,879,273 | (\$312,381) | \$0 | \$27,566,892 | (\$287,583) | \$0 | \$27,591,690 |
| General Fund | 9,136,214 | (101,850) | 0 | 9,034,364 | (93,201) | 0 | 9,043,013 |
| State/Other Special | 1,133,114 | (18,110) | 0 | 1,115,004 | (15,383) | 0 | 1,117,731 |
| Federal Special | 17,609,945 | (192,421) | 0 | 17,417,524 | (178,999) | 0 | 17,430,946 |
| Total Funds | \$27,879,273 | (\$312,381) | \$0 | \$27,566,892 | (\$287,583) | \$0 | \$27,591,690 |

-----Present Law Adjustments-----

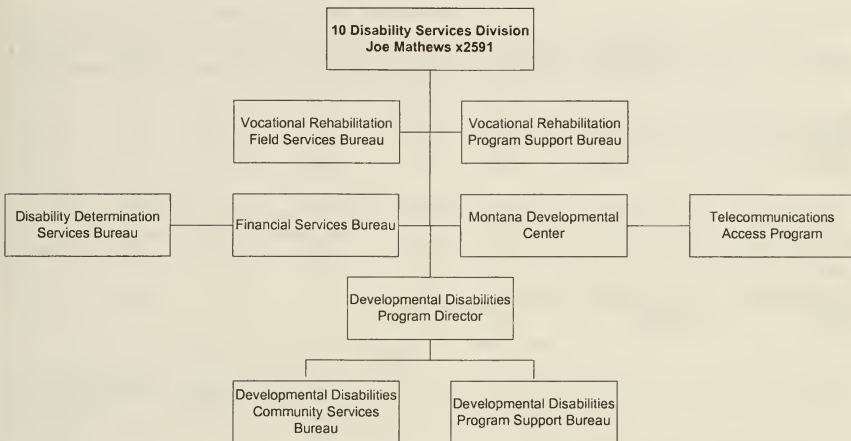
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$105,762) | (\$36,077) |
| FY07 | (\$109,496) | (\$37,351) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.96 FTE and \$73,000 general fund per biennium, along with \$19,000 in state special revenue and \$123,000 in federal funds, are removed from the budget permanently.

Public Health and Human Services-6901

Disability Services-10



Program Description - Disability Services Division (DSD) assists Montanans with disabilities in living, working, and participating in their communities. The division provides or contracts for institutional care, residential services, home-based services to families, case management, and a variety of employment outcome-related services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment. DSD is responsible for medical adjudication of all claims for Social Security Disability and Supplemental Security Income. The division is responsible for the state institution at the Montana Developmental Center (MDC) in Boulder.

Vocational Rehabilitation (VR) serves individuals with orthopedic, mental, visual, hearing, brain injury, and other disabilities. Developmentally disabled includes individuals with mental retardation, epilepsy, autism, or other neurological conditions that require treatment similar to those required by someone with mental retardation. The developmental disability must have originated before age 18 and have resulted in a substantial handicap for indefinite duration.

Statutory authority is in Title 53, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CFR Part 303

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Estimated FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|---------------------|---------------------|---------------------|---------------------|
| Vocational Rehabilitation number rehabilitated | 942 | 925 | 930 | 942 | 942 | 942 |
| Vocational Rehabilitation percentage severely disabled | 79.5% | 79.1% | 78% | 78% | 78% | 78% |
| Developmental Disabilities waiting for service and receiving no other DDP services | 283 | 342 | 457 | 477 | 485 | 492 |
| Developmental Disabilities waiting for additional services and receiving some DDP | 751 | 695 | 828 | 894 | 940 | 988 |
| MTAP Relay Service total minutes per year* | 420,536 | 342,752 | 370,310 | 473,313 | 548,904 | 624,044 |

*MTAP relay service total minutes decreased between FY 2002 and FY 2003 because of the introduction of IP relay and Turbo technology, which is much faster and requires fewer minutes.

Public Health and Human Services-6901

Disability Services-10

| Program Proposed Budget | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | | | | | | | |
| FTE | 541.42 | (4.95) | (35.00) | 501.47 | (4.65) | (35.00) | 501.77 |
| Personal Services | 22,762,846 | (616,237) | (1,365,674) | 20,780,735 | (634,956) | (1,377,187) | 20,750,503 |
| Operating Expenses | 8,190,987 | (43,231) | 852,699 | 9,000,455 | 142,356 | 652,699 | 8,986,042 |
| Equipment | 34,633 | 51,000 | 0 | 85,633 | 36,000 | 0 | 70,633 |
| Benefits & Claims | 92,694,789 | 322,762 | 5,370,406 | 98,387,957 | 658,703 | 4,870,405 | 98,223,897 |
| Debt Service | 10,688 | 0 | 0 | 10,688 | 0 | 0 | 10,688 |
| Total Costs | \$123,693,743 | (\$285,706) | \$4,857,431 | \$128,265,468 | \$202,103 | \$4,145,917 | \$128,041,763 |
| General Fund | 42,369,565 | 1,596,506 | 954,292 | 44,920,363 | 2,075,865 | 348,969 | 44,794,399 |
| State/Other Special | 1,150,030 | 139,964 | 499,405 | 1,789,399 | 249,538 | 499,405 | 1,898,973 |
| Federal Special | 80,174,148 | (2,022,176) | 3,403,734 | 81,555,706 | (2,123,300) | 3,297,543 | 81,348,391 |
| Total Funds | \$123,693,743 | (\$285,706) | \$4,857,431 | \$128,265,468 | \$202,103 | \$4,145,917 | \$128,041,763 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$1,726,793 |
| FY07 | \$0 | \$1,726,793 |

PL- 25 - FMAP Enhancement Adjustment -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase of approximately \$3.5 million general fund and an offsetting decrease of federal funds for the biennium to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007. See page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$1,140,119 |
| FY07 | \$0 | \$1,561,844 |

PL- 31 - FMAP Adjustment - Developmental Disabilities -

This request provides an increase in general fund of more than \$2.7 million over the biennium, with an offsetting decrease in federal funds, due to a projected change in Federal Medical Assistance Percentage (FMAP) rates for FY 2006 and FY 2007. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$284,530) | (\$284,530) |
| FY07 | (\$284,362) | (\$284,362) |

PL- 40 - Closure of Eastmont Human Services Center -

This decision package provides a general fund reduction of \$568,892 over the biennium to reflect the closure of the Eastmont Human Services Center. No FTE reductions are reflected, as the personal services snapshot will use FY 2005 FTE as the base, and no FTE were budgeted for Eastmont in that fiscal year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$593,130 | \$593,130 |
| FY07 | \$524,330 | \$524,330 |

Public Health and Human Services-6901

Disability Services-10

PL- 47 - Montana Developmental Center Base Adjustments -

This request provides close to \$1.2 million in general fund over the biennium for current level service requirements for holiday worked, overtime and differential pay. This request is necessary to maintain minimum Montana Developmental Center staffing requirements at this 24-hour day, seven day a week facility and to maintain Medicaid certification. These items are zero based and must be requested each biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,000 | \$13,420 |
| FY07 | \$59,012 | \$17,488 |

PL- 52 - Rent Increases -

This request provides \$30,908 of general fund and \$73,104 of federal funds over the biennium for rent increases for the Developmental Disabilities and Vocational Rehabilitation programs. The increases are built into the lease agreements for ten field offices.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$318,284 | \$67,794 |
| FY07 | \$649,299 | \$138,301 |

PL- 59 - Vocational Rehabilitation Tuition Increases -

This decision package provides \$206,095 of general fund and \$761,488 of federal funds over the biennium to provide for a four percent tuition increase each year from FY 2005 through FY 2007 from the base budget. The funds, which are a portion of the Vocational Rehabilitation benefits, will offset increases in tuition costs and maintain current level services that assist individuals with disabilities in returning to work.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$51,000 | \$51,000 |
| FY07 | \$36,000 | \$36,000 |

PL- 64 - Montana Developmental Center Replacement Equipment -

This request provides \$87,000 in general fund over the biennium to replace equipment used in providing services to individuals who reside at the Montana Developmental Center.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$244,448 | \$0 |
| FY07 | \$353,470 | \$0 |

PL- 92 - Montana Telecommunications Access Program Increase -

This request provides for an increase of close to \$600,000 in state special revenue expenses in the Montana Telecommunications Access Program operating budget over the biennium. The increase is a result of expanded usage of the Captioned Telephone service by Montanans who are hearing and speech-impaired.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$100,000) | \$0 |
| FY07 | (\$100,000) | \$0 |

PL- 109 - Montana Telecommunications Access Program Decrease -

The Montana Telecommunications Access Program is reducing operating expenses by \$200,000 in state special revenue over the biennium through the cancellation of a contract for public relations and advertising.

Public Health and Human Services-6901

Disability Services-10

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$102,816 | \$0 |
| FY07 | \$153,569 | \$0 |

PL- 135 - Disability Determination Services Base Adjustment -

This request provides a \$256,385 increase of federal funds over the biennium for Disability Determination Services workload increase.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$120,677) | (\$120,677) |
| FY07 | (\$115,076) | (\$115,076) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 4.65 FTE and \$236,000 general fund per biennium are removed from the budget permanently.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,433,025 | (\$171,846) |
| FY07 | \$721,512 | (\$786,731) |

NP- 39 - Movement to Community Services -

This decision package provides a reduction of \$958,577 in general fund expenditures and an increase of \$3,113,114 in federal fund expenditures for the biennium to serve 26 individuals from the Montana Developmental Center in community services as a result of the Travis D. lawsuit that was settled in February 2004. Included is \$500,000 of general fund one-time-only funding in FY 2006 for start-up costs to construct five group homes. There is a projected Medicaid reimbursement decrease of \$915,182 in FY 2006 and \$940,099 in FY 2007. This makes the total general fund impact of this request a loss of \$896,704 for the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,125,001 | \$326,138 |
| FY07 | \$1,125,000 | \$335,700 |

NP- 83 - Wait List Reduction -

This request is for approximately \$660,000 of general fund and \$1.6 million of federal fund for the biennium to move 15 individuals off the developmental disabilities waiting list.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,000,000 | \$0 |
| FY07 | \$1,000,000 | \$0 |

NP- 149 - Developmental Disabilities Program - Fed Authority -

This request is for \$2 million of additional federal authority for the biennium necessary to capture increases in federal grants or maximize general funds under the Home and Community Based Waiver. This waiver is used to fund services to individuals with developmental disabilities. The federal authority would not require any future commitment of general fund dollars.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$800,000 | \$800,000 |
| FY07 | \$800,000 | \$800,000 |

NP- 168 - Bed Tax Funding -

This request is to provide \$1.6 million in general fund for the biennium for the Montana Developmental Center to pay the bed tax enacted by HB 722 of the 2003 Session. This proposal is revenue neutral as a like amount will be deposited in the general fund.

Public Health and Human Services-6901

Disability Services-10

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$228,766 | \$0 |
| FY07 | \$228,766 | \$0 |

NP- 3 - Continuation of PSA for Independent Living -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of \$457,532 in state special revenue through the Prevention and Stabilization Account to continue services at the level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one-time-only funding of SB 485. Please see page B-2 for further information on PSA funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$270,639 | \$0 |
| FY07 | \$270,639 | \$0 |

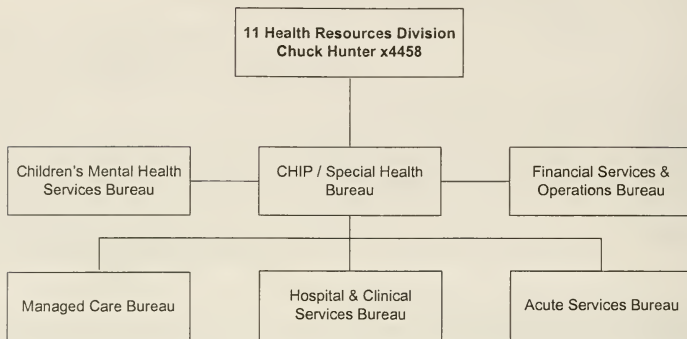
NP- 10 - Continuation of PSA for Extended Employment -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package provides funding over the biennium of \$541,278 in state special revenue through the Prevention and Stabilization Account to continue services at the level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one-time-only funding of SB 485. Please see page B-2 for further information on PSA funding.

Language Recommendations –

The Travis D. lawsuit was settled on February 5, 2004 through mediation. The terms of the settlement agreement between the executive branch and the plaintiffs require the department to move at least 45 individuals from the Montana Developmental Center (MDC) into community services by December 2007. The Disability Services Division FY 2006 budget includes \$500,000 of general fund one-time-only funding to construct five group homes. The \$500,000 will allow for start-up costs for the group home construction to implement the movement in FY 2008 of the last 20 individuals who have intensive medical needs from MDC to community services. The department will provide one-time-only grants for providers to use in the construction of the new group homes for the care of these individuals.

Public Health and Human Services-6901 Health Resources-11



Program Description - The Health Resources Division (HRD) administers Medicaid primary and acute care services, Indian Health Services, children's mental health services, the Children's Health Insurance Program (CHIP), and children's special health services. The purpose of the division is to improve and protect the health of Montanans. The division provides a wide range of preventive, primary, and acute care services to individuals and communities. Services are provided through a broad range of private and public providers, including physicians, public health departments, clinics, and hospitals.

Acute and primary care services are provided through the Medicaid Program and the Children's Health Insurance Program (CHIP) and services for children with special health care needs. The division contracts with providers for the delivery of health care services. Medicaid is a voluntary state/federal partnership to provide and finance these services to the aged, blind, disabled, or low-income families.

The division administers CHIP as a separate health insurance program and contracts with an insurance plan to provide medical services. CHIP dental and eyeglasses benefits are provided by the department.

Program Indicators -

| Indicator | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|---------------------|---------------------|---------------------|
| Children's Mental Health, Percentage SED Clients Served in Community | 77.5% | 79.8% | 80.3% | 80.8% | 81.3% |
| CHIP and Special Health, Percentage of Clients Served Receiving Preventive Health Care | 38.0% | | | 41.0% | 44.0% |
| Managed Care, Percentage of participation in the Nurse First Care Management Programs* | | | | 20.0% | 10.0% |

*The Nurse First program began on January 1, 2004, and as of August 24, 2004 has 13,761 clients actively participating.

Public Health and Human Services-6901

Health Resources-11

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | \$2.00 | (0.75) | 17.00 | 68.25 | (0.75) | 17.00 | 68.25 |
| Personal Services | 2,291,742 | 210,123 | 794,042 | 3,295,907 | 208,855 | 791,854 | 3,292,451 |
| Operating Expenses | 5,809,215 | 188,641 | 1,939,314 | 7,937,170 | 189,632 | 1,995,330 | 7,994,177 |
| Grants | 19 | 0 | 597,918 | 597,937 | 0 | 1,304,061 | 1,304,080 |
| Benefits & Claims | 347,662,820 | 62,855,451 | 29,582,279 | 440,100,550 | 91,436,630 | 32,752,853 | 471,852,303 |
| Debt Service | 2,282 | 0 | 0 | 2,282 | 0 | 0 | 2,282 |
| Total Costs | \$355,766,078 | \$63,254,215 | \$32,913,553 | \$451,933,846 | \$91,835,117 | \$36,844,098 | \$484,445,293 |
| General Fund | 71,665,419 | 26,095,143 | (316,873) | 97,443,689 | 34,406,536 | (137,313) | 105,934,642 |
| State/Other Special | 5,428,379 | 2,213,254 | 10,721,994 | 18,363,627 | 2,726,406 | 11,202,797 | 19,357,582 |
| Federal Special | 278,672,280 | 34,945,818 | 22,508,432 | 336,126,530 | 54,702,175 | 25,778,614 | 359,153,069 |
| Total Funds | \$355,766,078 | \$63,254,215 | \$32,913,553 | \$451,933,846 | \$91,835,117 | \$36,844,098 | \$484,445,293 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,358,806 | \$35,596 |
| FY07 | \$1,504,197 | \$157,465 |

PL- 1 - Tobacco Portion of 17% for Medicaid -

This decision package requests \$2.9 million in state funds over the biennium. This amount was funded from the tobacco settlement proceeds by the 2003 legislature under SB 485. This funding will terminate on June 30, 2005. These funds are currently used as a Medicaid match in place of general fund. There is included in this request \$193,000 of general fund to add to the decreased available tobacco settlement revenue and maintain the total match to the amount appropriated for the 2005 biennium. This request has accompanying legislation.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$39,204,812 | \$10,473,480 |
| FY07 | \$58,515,462 | \$16,098,575 |

PL- 13 - Medicaid Caseload – Child and Adult Medicaid -

This request adds \$71.1 million in federal funds and \$26.6 million in general fund over the biennium for Medicaid caseload growth. Caseloads are anticipated to grow by six percent per year due to normal demographic trends. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,779,179 | \$805,128 |
| FY07 | \$3,764,873 | \$1,124,191 |

PL- 14 - Medicaid Caseload - Medicare Buy-In Program -

This request adds approximately \$4.6 million in federal funds and \$1.9 million in general fund over the biennium for Medicaid caseload growth in the Medicare Buy-In program. This is a cost effective program that allows the state to purchase Medicare coverage for Medicaid recipients that are dually eligible for Medicare and Medicaid. Medicare then covers the cost of most services for the individual with no further Medicaid liability. Caseloads are expected to grow by two percent per year due to normal demographic trends, and Medicare premiums are projected to grow by eight percent per year.

Public Health and Human Services-6901

Health Resources-11

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,469,120 | \$425,604 |
| FY07 | \$2,123,530 | \$634,086 |

PL- 17 - Medicaid Caseload - Children's Mental Health -

This request adds close to \$3.6 million in all funds, including \$1.1 million in general fund and \$2.5 million in federal funds, over the biennium for Medicaid caseload growth in the Children's Mental Health program. Caseloads are anticipated to grow by 1.34 percent per year due to demographic trends. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$768,205 | \$166,700 |
| FY07 | \$1,283,657 | \$267,514 |

PL- 20 - Medicaid Caseload - Breast and Cervical Cancer -

This request adds over \$1.6 million in federal funds and \$434,000 in general fund over the biennium for Medicaid caseload growth in the Breast and Cervical Cancer Treatment Program. Caseloads are anticipated to grow by 22 percent due to demographic trends. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$7,504,153 |
| FY07 | \$0 | \$7,504,153 |

PL- 23 - FMAP Enhancement Adjustment – Child and Adult Medicaid -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase of more than \$15 million general fund and an offsetting decrease of federal funds for the biennium to reflect the removal of the enhanced Federal Medical Assistance Percent (FMAP) rates in FY 2006 and FY 2007. See page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$6,189,028 |
| FY07 | \$0 | \$8,045,737 |

PL- 29 - FMAP Adjustment -

This request provides an increase in general fund of over \$14.2 million over the biennium, with an offsetting decrease in federal funds, due to the projected changes in the Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$195,245 |
| FY07 | \$0 | \$269,383 |

PL- 37 - CHIP FMAP Adjustment – Child and Adult Medicaid -

This request provides an increase in general fund of \$464,628 over the biennium, with an offsetting decrease in federal funds, due to a projected change in the Children's Health Insurance Program (CHIP) Federal Medical Assistance Percentage (FMAP).

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| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$150,000 | \$150,000 |
| FY07 | \$150,000 | \$150,000 |

PL- 57 - Transportation Contract Federal Rate Change -

This proposal requests \$150,000 per year in general fund due to a recent rule change made by the Centers for Medicare and Medicaid Services. This change reduced the federal matching rate for the transportation utilization contract from 75/25 to 50/50. The contract controls costs in the Transportation program by ensuring that clients are utilizing medical services closest to their home and that the client made the medical appointment.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$187,500 | \$54,319 |
| FY07 | \$193,125 | \$57,667 |

PL- 60 - Rural Health Clinics / Qualified Health Centers -

This proposal requests \$111,986 general fund and \$268,639 in federal funds over the biennium for Rural Health Clinics and Federally Qualified Health Centers. These centers provide services required by Medicaid. These facilities are paid an all-inclusive prospective payment amount per patient visit.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$28,000 | \$8,112 |
| FY07 | \$28,000 | \$8,361 |

PL- 67 - Foundation Contract / Acute Care -

The proposal requests an additional \$39,527 federal funds and \$16,473 general fund for the biennium to reissue a contract for utilization review of Medicaid services. The additional amount covers an increase in the number of non-emergent Emergency Department claims reviewed and an increase in the number of cases sent to peer review. The cost savings generated by these reviews more than covers the additional costs to the contract.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$9,580,561 | \$0 |
| FY07 | \$15,593,793 | \$0 |

PL- 121 - Indian Health Services -

This decision packages requests almost \$25.2 million over the biennium in federal funding for Indian Health Services caseload and federal rate increases for the Medicaid Indian Health Services program. These increases are projected at 15 percent per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,507,268 | \$0 |
| FY07 | \$8,457,993 | \$0 |

PL- 122 - School Based Services -

This decision package requests close to \$16 million over the biennium in federal authority for the Medicaid school based services contract. Montana schools are providing services that are eligible for federal Medicaid reimbursement and have a potential for receiving a reimbursement of \$7 to \$10 million in covered Medicaid services.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$17,263) | (\$17,263) |
| FY07 | (\$17,224) | (\$17,224) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.75 FTE and \$34,000 general fund per biennium are removed from the budget permanently.

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-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$4,518,472) | (\$1,165,170) |
| FY07 | (\$3,328,597) | (\$834,359) |

NP- 38 - Manage Medicaid Pharmacy Program -

This decision package requests 1.00 FTE and provides savings of nearly \$2 million in general fund and \$7.8 million in total funds. This proposal will provide for the implementation, monitoring, and management of the Medicare "clawback" provision; the utilization of prescription drugs; the Preferred Drug List program; and the pharmacy audit review.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$474,342) | (\$55,958) |
| FY07 | (\$450,068) | (\$54,354) |

NP- 42 - Enhance Efficiency of Children's Mental Health Services -

This decision package requests an additional 5.00 FTE for Children's Mental Health. The additional FTE will improve contracted service monitoring and problem identification and resolution. They will also enhance efficiency of services to Severely Emotionally Disturbed youth and families through coordination and development of Kids Management Authorities, improve treatment coordination planning among multiple agencies, and facilitate problem resolution at the local level. This request is projected to generate savings of \$110,312 in general fund and \$924,410 in total funds over the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$142,438) | (\$19,573) |
| FY07 | (\$148,757) | (\$24,179) |

NP- 43 - Medicaid Cost Analysis -

This decision package requests 2.00 FTE to perform Medicaid analysis. This analysis will provide cost-saving measures to the Medicaid program by recognizing problems such as over-payments, over-utilization of physician services, enrollment concerns, and multiple drug prescription information. This request is projected to generate savings of \$43,752 in general fund and \$291,195 in total funds over the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$27,851) | (\$13,425) |
| FY07 | (\$28,079) | (\$13,520) |

NP- 44 - Medicaid Passport Services -

This request is to make permanent 2.00 FTE that are currently modified positions. These positions are responsible for quality assurance and utilization review activities designed to maintain and improve medical access and quality of care through the Medicaid Passport program. Biennial savings of \$26,945 general fund and \$55,930 total funds is projected to be realized by this change.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,478,929 | \$0 |
| FY07 | \$2,399,232 | \$0 |

NP- 90 - CHIP Donations -

The decision package requests \$1 million state special and close to \$3.9 million federal authority for Children's Health Insurance Program (CHIP) donations over the biennium. This would provide authority for CHIP grant funds to be used if the Department of Public Health and Human Services receives private donations, grants, bequests, or gifts. If the department were to receive matching funds, an additional number of children could be insured annually during the 2007 biennium.

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| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,000,000 | \$0 |
| FY07 | \$1,000,000 | \$0 |

NP- 112 - Expand Nurse First to Non-Medicaid Native Americans -

This proposal establishes state special authority of \$1 million per year to provide Nurse First care management services to Native Americans in Montana who are not enrolled in Medicaid. Medicaid currently provides nurse advice line and disease management services to Medicaid clients, including Native Americans on Medicaid. These services help clients determine when and where to seek appropriate medical care when they're sick or injured. The Medicaid Nurse First program is expected to result in net savings of millions of dollars in averted medical expenses, while providing a service that improves the daily lives and the overall health of clients. Native Americans are often the most in need of these services, both because they suffer disproportionately from some of the diseases managed by Nurse First and because often they are the most isolated and have the least access to transportation.

The funding for these expanded services to non-Medicaid Native Americans will come from the health care payers who will save the cost of averted medical services. This spending authority allows the department to add the services to the existing contract with McKesson Health Solutions and to disburse the additional \$1 million in annual payments to McKesson.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,116,289 | \$0 |
| FY07 | \$1,865,615 | \$0 |

NP- 146 - Develop System of Care for Children -

The almost \$3.0 million federal funds and 7.00 FTE requested in this decision package are for the Substance Abuse and Mental Health Services Administration (SAMSHA) grant. This grant is intended to assist Montana in the development of a system of care for children with Serious Emotional Disturbance, and to implement and expand local Kids Management Authorities.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$722,970 | \$0 |
| FY07 | \$722,970 | \$0 |

NP- 150 - Restore Children's Therapeutic Services -

This decision package requests \$722,970 per year in federal funding for therapeutic services that were eliminated in the Mental Health Services Plan / Children's Health Insurance Program benefit package in August, 2002. Restoring the supplemental MHSP benefits is a way to provide children access to a comprehensive package of community-based mental health services and is more cost-effective than expanding the CHIP benefit.

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$601,571 | \$0 |
| FY07 | \$0 | \$0 |

NP- 9 - Continuation of PSA for Medicaid -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package and the accompanying legislation provides funding over the biennium of \$601,571 in state special revenue through the Prevention and Stabilization Account to continue to fund Medicaid at the funding level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one time only funding of SB 485. These funds are currently used as a Medicaid match instead of general fund and are being requested as a biennial appropriation. Please see page B-2 for further information on PSA funding.

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Health Resources-11

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$29,500,000 | \$0 |
| FY07 | \$30,342,000 | \$0 |

NP- 110 - Continuation of Hospital Provider Tax -

This proposal and accompanying legislation requests \$17.7 million state special and \$42.1 million federal authority over the biennium to continue the Hospital Utilization fee program. The 2003 Legislature initiated and funded this program through HB 481, which terminates on June 30, 2005. This tax is a method for hospitals to be assessed a fee per inpatient. The state in turn uses the utilization fee to match with federal allotments to increase hospital Medicaid reimbursements.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$200,000 | \$0 |
| FY07 | \$200,000 | \$0 |

NP- 115 - Specialty Clinic Cost Recovery -

This decision package requests \$200,000 per year in state special authority for the Children's Special Health Services (CSHS) specialty clinics to recover costs of services from patients and their insurance. These clinics provide comprehensive, multi-disciplinary care for children with cleft, craniofacial, or metabolic disorders. Currently, children who attend these clinics are not charged. The additional funding will allow CSHS to recover the costs of this activity, freeing up block grant funds to attend to other issues pressing families of children with special health care needs.

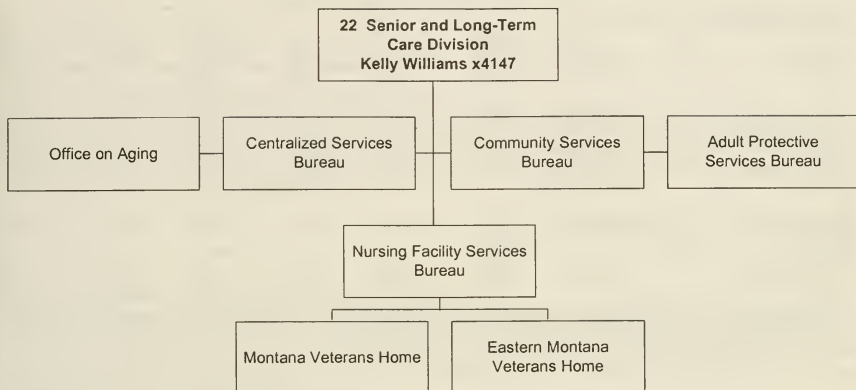
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,456,897 | \$937,253 |
| FY07 | \$4,269,782 | \$789,099 |

NP- 192 - CHIP Enrollment to 10,900 Children -

This decision package requests total funds of over \$6.7 million over the biennium to increase the state match for the Children's Health Insurance Program (CHIP). This includes an increase of \$1.7 million in general fund and a decrease of \$3.6 million in state special PSA revenue, along with increases of \$3.8 million in donations and \$4.8 million in matching federal funds. This funding will pay for health care coverage for 10,900 children and will allow for stable monthly enrollment in the program. This also includes the change needed in general fund to maintain the base expenditures in light of an anticipated decline in tobacco settlement revenues.

Public Health and Human Services-6901

Senior and Long-Term Care-22



Program Description - The Senior and Long Term Care Division (SLTC) plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through six major programs:

1. The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman, and other services;
2. Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care;
3. Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 94 Montana nursing homes;
4. Protective services, including the investigation of abuse neglect and exploitation, are provided by adult protective services social workers;
5. Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home (EMVH) in Glendive; and
6. The State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

Statutory Authority is provided in the following: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401, MCA (authorizes and establishes Montana Veteran's Homes); 53-1-602, MCA (Eastern Montana Veteran's Home); Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Persons receiving Personal Assistance | 2,856 | 2,707 | 2,801 | 2,808 | 2,830 | 2,907 |
| Persons receiving HCBS Waiver | 1,692 | 1,703 | 1,784 | 1,784 | 1,834 | 1,864 |
| Persons receiving Nursing Home | 5,295 | 5,254 | 5,118 | 5,126 | 5,142 | 5,158 |

Public Health and Human Services-6901

Senior and Long-Term Care-22

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 193.44 | (0.65) | 0.00 | 192.79 | (0.65) | 0.00 | 192.79 | |
| Personal Services | 6,878,677 | 938,994 | 0 | 7,817,671 | 952,592 | 0 | 7,831,269 | |
| Operating Expenses | 5,100,488 | 350,126 | 287,112 | 5,737,726 | 339,097 | 250,000 | 5,689,585 | |
| Equipment | 69,036 | 0 | 85,000 | 154,036 | 0 | 0 | 69,036 | |
| Grants | 7,226,930 | 137,721 | 257,000 | 7,621,651 | 137,721 | 257,000 | 7,621,651 | |
| Benefits & Claims | 175,529,268 | 10,463,589 | 2,093,521 | 188,086,378 | 15,122,648 | 2,829,709 | 193,481,625 | |
| Debt Service | 15,912 | 0 | 0 | 15,912 | 0 | 0 | 15,912 | |
| Total Costs | \$194,820,311 | \$11,890,430 | \$2,722,633 | \$209,433,374 | \$16,552,058 | \$3,336,709 | \$214,709,078 | |
| General Fund | 37,464,018 | 8,177,313 | 810,441 | 46,451,772 | 9,507,394 | 1,042,612 | 48,014,024 | |
| State/Other Special | 14,355,230 | 3,612,457 | 576,112 | 18,543,799 | 4,748,598 | 454,000 | 19,557,828 | |
| Federal Special | 143,001,063 | 100,660 | 1,336,080 | 144,437,803 | 2,296,066 | 1,840,097 | 147,137,226 | |
| Total Funds | \$194,820,311 | \$11,890,430 | \$2,722,633 | \$209,433,374 | \$16,552,058 | \$3,336,709 | \$214,709,078 | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,309,356 | \$385,510 |
| FY07 | \$2,127,311 | \$636,491 |

PL- 16 - Medicaid Caseload - Home Based Services -

This request adds \$2.4 million in federal funds and more than \$1.0 million in general fund over the biennium for Medicaid caseload growth in the Home Based Services program. This includes the Hospice, Home Health, and Personal Assistance programs. Caseloads are expected to grow by approximately three percent per year due to demographic trends and increased utilization of these services. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$583,566 | \$170,926 |
| FY07 | \$886,239 | \$265,163 |

PL- 21 - Medicaid Caseload - Nursing Homes -

This request adds over \$1 million in federal funds and approximately \$436,000 in general fund over the biennium for Medicaid caseload growth in Nursing Homes. Caseloads are expected to grow by one-quarter of one percent per year due to normal demographic trends. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$32,448 | \$32,448 |
| FY07 | \$32,448 | \$32,448 |

PL- 22 - State Social Security Supplement Caseload Increase -

This request reflects the anticipated increase of 26 developmentally disabled persons who will be moving from institutional settings to the community during FY 2005. This proposal represents the cost of paying the state social security supplemental payment for Medicaid eligible persons residing in the community. This request totals \$64,896 over the biennium, all general fund.

Public Health and Human Services-6901

Senior and Long-Term Care-22

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$2,972,470 |
| FY07 | \$0 | \$2,972,470 |

PL- 24 - FMAP Enhancement Adjustment - Nursing Homes -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase in general fund of nearly \$5.9 million over the biennium, with an offsetting decrease in federal funds, to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for Nursing Homes. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$569,730 |
| FY07 | \$0 | \$569,730 |

PL- 27 - FMAP Enhancement Adjustment - Home Based Services -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase in general fund of \$1.1 million over the biennium, with an offsetting decrease in federal funds, to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for Home Based Services. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$507,274 |
| FY07 | \$0 | \$507,274 |

PL- 28 - FMAP Enhancement Adjustment - Waiver Services -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase in general fund of \$1.01 million over the biennium, with an offsetting decrease in federal funds, to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 in Waiver Services. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$2,447,917 |
| FY07 | \$0 | \$3,182,292 |

PL- 30 - FMAP Adjustment - Nursing Homes -

This request provides an increase in general fund of close to \$5.6 million over the biennium, with an offsetting decrease in federal funds, due to projected changes in the Federal Medical Assistance Percentage (FMAP) rates for FY 2006 and FY 2007 for Nursing Homes. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$490,189 |
| FY07 | \$0 | \$615,730 |

PL- 33 - FMAP Adjustment - Home Based Services -

This request provides an increase in general fund of \$1.1 million over the biennium, with an offsetting decrease in federal funds, due to projected changes in the Federal Medical Assistance Percentage (FMAP) rates for FY 2006 and FY 2007 for Home Based Services. Please see page B-1 for further information on Medicaid changes.

Public Health and Human Services-6901

Senior and Long-Term Care-22

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$417,755 |
| FY07 | \$0 | \$543,081 |

PL- 34 - FMAP Adjustment - Waiver Services -

This request provides an increase in general fund of \$960,836 over the biennium, with an offsetting decrease in federal funds, due to projected changes in the Federal Medical Assistance Percentage (FMAP) rates for FY 2006 and FY 2007 for Waiver Services. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,918,468 | \$0 |
| FY07 | \$3,918,468 | \$0 |

PL- 88 - Annualize HB 705 Nursing Home Fee -

This request adjusts the spending level for Nursing Home utilization fees to reflect the FY 2005 appropriated level and totals \$7.8 million over the biennium, of which \$2.3 million is derived from state special revenue, with the remainder coming from the federal portion of the Medicaid match.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,619,751 | \$0 |
| FY07 | \$8,158,182 | \$0 |

PL- 89 - County Nursing Home IGT Increase -

This request adopts the increase between FY 2004 and FY 2005 in Intergovernmental Transfer Payments for nursing homes that was authorized by the 2003 Legislature, and includes an anticipated increase in FY 2007. This request totals close to \$12.8 million over the biennium. Of this total, \$3.8 million is derived from state special revenue from local governments that support county nursing homes and participate in the IGT program, with the remainder from federal funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 91 - FMAP Enhancement Adjustment - Nursing Home IGTs -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase in state special revenue of \$724,326 over the biennium, with an offsetting decrease in federal funds, to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for Nursing Homes. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$295,821 | \$0 |
| FY07 | \$295,821 | \$0 |

PL- 93 - Montana Veterans' Home Adjustments -

This request provides \$591,642 in cigarette tax state special revenue over the biennium for current level services at Montana Veterans' Home (MVH). These services include holiday worked, overtime, and differential necessary to maintain minimum staffing requirements at a 24 hour day, seven day a week facility. These items are zero based and must be requested each biennium. The request also includes items in the MVH budget that will exceed the base budget in FY 2006 and FY 2007, and the increased nursing home bed fee.

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Senior and Long-Term Care-22

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 94 - FMAP Adjustment - County Nursing Home IGTs -

This request provides an increase in state special revenue of \$685,978 million over the biennium, with an offsetting decrease in federal funds, due to projected changes in the Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for Nursing Home Intergovernmental Transfers. Please see page B-1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,117 | \$0 |
| FY07 | \$8,117 | \$0 |

PL- 106 - Annualize Traumatic Brain Injury Funds -

This request annualizes revenue and expenditures from HB 698, which was passed in the 2003 Legislative session and became effective on January 1, 2004. Revenue is received from a check off on license plate renewals and is used to support activities related to Traumatic Brain Injured persons. The request totals \$16,000 over the biennium, all of which comes from the state special revenue derived from the check off option.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$137,721 | \$0 |
| FY07 | \$137,721 | \$0 |

PL- 173 - Increased Funding For Caregiver Program -

This request adds \$275,442 in federal spending authority over the biennium for increased funding of the Caregiver Program. This program provides information, assistance, education, and support for family caregivers, which includes grandparents raising grandchildren. It also provides for respite care and some limited short-term support services.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$148,236 | \$0 |
| FY07 | \$172,254 | \$0 |

PL- 175 - Additional Funding - Eastern Montana Veterans Home -

This request reflects anticipated increases in the reimbursement received for nursing services from the Veterans' Administration for services at the Eastern Montana Veterans' Home. The additional federal reimbursement will total \$320,490 over the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$36,959) | (\$36,959) |
| FY07 | (\$37,183) | (\$37,183) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.65 FTE and \$74,000 general fund per biennium are removed from the budget permanently.

Public Health and Human Services-6901

Senior and Long-Term Care-22

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$257,000 | \$257,000 |
| FY07 | \$257,000 | \$257,000 |

NP- 68 - Restore Meals on Wheels Funding -

This proposal restores funding that was removed by the 2003 Legislature and was later temporarily restored by the Governor during FY 2004 with federal funds from Jobs and Growth Tax Relief Reconciliation Act. The cost of this proposal totals \$514,000 from the general fund over the biennium, and is used to support programs administered by locally based Area Agencies on Aging such as Meals on Wheels.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,127,500 | \$330,245 |
| FY07 | \$1,863,688 | \$557,615 |

NP- 81 - Additional Clients in Community Based Waiver -

This request expands the Medicaid program that allows persons who meet nursing home level of care standards to remain in the community setting by providing an array of services that meet their individual needs. This proposal provides funding for 50 persons in FY 2006 and approximately 30 additional persons in FY 2007. The cost of this proposal totals approximately \$3 million over the biennium, including \$887,860 from the general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$250,000 | \$0 |
| FY07 | \$250,000 | \$0 |

NP- 95 - Montana Veterans' Home Contingency Fund Line Item -

This request continues the current restricted contingency line item in HB 2 of \$250,000 state special revenue each year. This initiative was line-itemed into the HB 2 budget by the 2003 Legislature to allow for operation of the Montana Veterans' Home at a capacity to maximize the collection of federal revenue and private payments. The funds were fully expended in FY 2004.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$762,021 | \$223,196 |
| FY07 | \$762,021 | \$227,997 |

NP- 114 - Personal Assistance Base Restoration -

This request provides general fund to continue to support a portion of the base budget for personal care providers at the FY 2005 funding level and, to a lesser extent, funding for direct care wages for caregivers. This funding was provided by state special revenue by the 2003 legislature through HB 721. In future biennia, this state special revenue will be deposited to the general fund. The cost of this proposal is approximately \$1.5 million over the biennium, including about \$450,000 from the general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$85,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 116 - Montana Veterans' Home Replacement Vehicles -

This request provides funding for the Montana Veterans' Home in Columbia Falls to replace four vehicles: two vans that provide transportation for staff and clients, and two trucks used on the facility grounds. The cost of this request is \$85,000 in FY 2006, funded from cigarette tax state special revenue that supports the costs of this facility.

Public Health and Human Services-6901

Senior and Long-Term Care-22

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$37,112 | \$0 |
| FY07 | \$0 | \$0 |

NP- 118 - Eastern Montana Veterans' Home Flooring -

This request represents the cost of a proposal to replace several areas of flooring at the Eastern Montana Veterans' Home in Glendive. The anticipated cost of these repairs totals \$37,112 in FY 2006 and comes from the cigarette tax state special revenue that supports the costs of the facility.

-----Other Legislation Required to Implement HB2-----

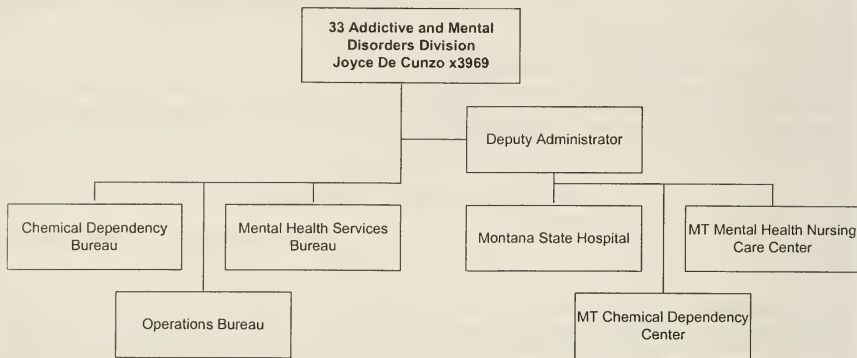
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$204,000 | \$0 |
| FY07 | \$204,000 | \$0 |

NP- 4 - Continuation of PSA for Hospice and Home Therapy -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package and accompanying legislation provides funding over the biennium of \$408,000 in state special revenue through the Prevention and Stabilization Account to continue services at the level of the 2005 biennium to continue to support a portion of the hospice program and home health therapies for Medicaid clients. These services would be impacted as of June 30, 2005 due to one time only funding of SB 485. Please see page B-2 for further information on PSA funding.

Public Health and Human Services-6901

Addictive and Mental Disorders-33



Program Description - The Addictive and Mental Disorders Division (AMDD) is responsible for providing alcohol and drug prevention services, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient, and prevention services are provided through contracts with community-based programs around the state.

Community-based mental health services are delivered to eligible Medicaid and non-Medicaid individuals through a network of providers around the state. Non-Medicaid services are delivered through the Mental Health Services Plan (MHSP) and provide services to individuals earning up to 150 percent of the federal poverty level. Montana State Hospital (MSH) at Warm Springs (189 licensed beds) and the Montana Mental Health Nursing Care Center (MMHNCC) at Lewistown (165 beds available / 75 beds budgeted) provide institutional services to individuals with mental illness. The services at MSH are typically of a short duration while services for residents at the MMHNCC are considered to be long term.

Statutory authority is from the following: Mental health is in Title 53, Chapter 21, parts 1 through 7 and part 10, MCA, and P. L. 102-321, CFR. Chemical dependency is in Title 53, Chapters 1 and 24, MCA, and Part C, Title XIX of the Social Security Act.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Chemical Dependency Program unduplicated individuals in treatment | 5,640 | 6,112 | 6,449 | 6,771 | 7,110 | 7,465 |
| Adult Mental Health Medicaid Program Unduplicated number of people served * | 12,739 | 12,996 | 12,920 | 13,049 | 13,180 | 13,311 |

*Numbers from new Decision Support Software and subject to change.

Public Health and Human Services-6901

Addictive and Mental Disorders-33

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 567.75 | (5.85) | 3.00 | 564.90 | (5.65) | 5.00 | 567.10 |
| Personal Services | 23,773,529 | 2,123,495 | 142,290 | 26,039,314 | 2,200,011 | 236,455 | 26,209,995 |
| Operating Expenses | 9,178,091 | 752,589 | 223,125 | 10,153,805 | 1,115,939 | 258,960 | 10,552,990 |
| Equipment | 41,010 | 0 | 0 | 41,010 | 0 | 0 | 41,010 |
| Grants | 8,598,188 | 1,053,964 | 0 | 9,652,152 | 1,303,964 | 0 | 9,902,152 |
| Benefits & Claims | 31,322,620 | 5,667,939 | 3,579,631 | 40,570,190 | 6,573,454 | 3,514,631 | 41,410,705 |
| Debt Service | 80,093 | 0 | 0 | 80,093 | 0 | 0 | 80,093 |
| Total Costs | \$72,993,531 | \$9,597,987 | \$3,945,046 | \$86,536,564 | \$11,193,368 | \$4,010,046 | \$88,196,945 |
| General Fund | 36,594,770 | 5,477,797 | 412,889 | 42,485,456 | 6,298,372 | 362,976 | 43,256,118 |
| State/Other Special | 4,671,445 | 470,505 | 3,272,942 | 8,414,892 | 547,053 | 3,324,296 | 8,542,794 |
| Federal Special | 31,727,316 | 3,649,685 | 259,215 | 35,636,216 | 4,347,943 | 322,774 | 36,398,033 |
| Total Funds | \$72,993,531 | \$9,597,987 | \$3,945,046 | \$86,536,564 | \$11,193,368 | \$4,010,046 | \$88,196,945 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,694,706 | \$789,279 |
| FY07 | \$3,243,614 | \$970,489 |

PL - 19 - Medicaid Caseload - Mental Health -

This request is for approximately \$4.2 million in federal funds and \$1.8 million in general fund over the biennium for Medicaid caseload growth in the Mental Health program. The request also includes the annualization of the intensive community-based rehabilitation group homes that were started in mid-2004. Caseloads are expected to grow by 2.2 percent per year due to demographic trends. Please see page B1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$725,924 |
| FY07 | \$0 | \$725,924 |

PL - 26 - FMAP Enhancement Adjustment - Mental Health -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase of close to \$1.5 million general fund and an offsetting decrease of federal funds for the biennium to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for Mental Health services. Please see page B1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$547,120 |
| FY07 | \$0 | \$711,256 |

PL - 32 - FMAP Adjustment - Mental Health -

This request provides an increase in general fund of close to \$1.3 million over the biennium, with an offsetting decrease in federal funds, due to projected changes in the Federal Medical Assistance Percentage (FMAP) rates for FY 2006 and FY 2007. Please see page B1 for further information in Medicaid changes.

Public Health and Human Services-6901

Addictive and Mental Disorders-33

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,324,307 | \$1,324,307 |
| FY07 | \$1,324,307 | \$1,324,307 |

PL- 46 - Montana State Hospital Base Funding Adjustments -

This request provides approximately \$2.7 million in general fund over the biennium for current level services at Montana State Hospital. These services include holiday worked, overtime, differential, and physician on-call necessary to maintain minimum staffing requirements at a 24 hour day, seven day a week facility. These items are zero based and must be requested each biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$291,238 | \$291,238 |
| FY07 | \$291,238 | \$291,238 |

PL- 48 - Montana Mental Health Nursing Care Center Base Adjustment -

This request provides \$582,476 in general fund over the biennium for current level services at Montana Mental Health Nursing Care Center. These services include holiday worked, overtime, and differential necessary to maintain minimum staffing requirements at a 24-hour day, seven day a week facility. These items are zero based and must be requested each biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,476,830 | \$745,152 |
| FY07 | \$2,706,944 | \$861,684 |

PL- 51 - PACT Caseload -

This present law adjustment anticipates the annualization of Program for Assertive Treatment (PACT) services during FY 2005 from the existing 140 slots to 290 slots and expands to 350 slots by FY 2007. The PACT programs will be the foremost community service to alleviate system dependency on the Montana State Hospital. This request adds about \$1.6 million in general fund and close to \$3.6 million in federal funds over the biennium.

PACT is a relatively new program in the array of community mental health services. It is a covered rehabilitation service in Montana's state Medicaid plan. The state first implemented this program in FY 2000 in two Montana communities – Billings and Helena. The Montana PACT is based on the nationally recognized PACT model that is designed to be a "hospital without walls."

The individuals enrolled in this program are those with the most severe symptoms and impairments not remedied by other available community treatments or individuals that resist or avoid mental health services due to their mental illnesses. The Billings and Helena programs each serve approximately 70 clients per month. By all accounts, these programs have been hugely successful in meeting the needs of their challenging caseloads. Most individuals served in the two programs have enhanced their recovery by living independently in the community without the need of high-end services or further criminal system involvement. Many program recipients have recovered to the point of returning to educational and employment opportunities. In addition, the division believes that the addition of these new PACT slots will decrease admissions at the Montana State Hospital.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,638 | \$2,783 |
| FY07 | \$7,028 | \$4,217 |

PL- 55 - Division Central Office Rent -

This decision package adds \$7,000 general fund, \$350 state special revenue and \$4,316 federal funds over the biennium to maintain contracted rent increases for the central office. The building lease rate increases two percent annually.

Public Health and Human Services-6901

Addictive and Mental Disorders-33

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$523,818 | \$523,818 |
| FY07 | \$746,455 | \$746,455 |

PL- 62 - Montana State Hospital Present Law Adjustments -

This request combines essential present law adjustments for the Montana State Hospital. Included in this request is an increase for outside medical services to cover outside hospital inflation, pharmacy costs, contract with the Montana State Prison for Cook-Chill meals, and other replacement equipment and leases. The request totals nearly \$1.3 million over the biennium, all of which is general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$161,066 | \$161,066 |
| FY07 | \$190,087 | \$190,087 |

PL- 63 - Montana Mental Health Nursing Care Center Present Law Adjustment -

This request combines essential present law adjustments for the Montana Mental Health Nursing Care Center. Included in this request is an increase for outside medical services to cover any outside hospital inflation, pharmacy costs, and other replacement equipment and leases. The request totals \$351,153 over the biennium, all of which is general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,084 | \$0 |
| FY07 | \$160,049 | \$0 |

PL- 97 - Montana Chemical Dependency Center Present Law Adjustment -

This request combines essential present law adjustments for the Montana Chemical Dependency Center. Included in this request is an increase for outside medical services to cover any outside hospital inflation, pharmacy costs, and other replacement equipment and leases. Also included in this request is non-state building rent and food contract increases. The request totals \$260,133 over the biennium, all of which is alcohol tax state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$227,126 | \$0 |
| FY07 | \$353,619 | \$0 |

PL- 99 - Medicaid Caseload - Chemical Dependency -

This request adds \$580,745 in all funds, with \$172,328 in state special revenue, over the biennium for Medicaid caseload growth in the Chemical Dependency program. Caseloads are anticipated to grow by 7.5 percent per year as this new program becomes established. Please see page B1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 103 - FMAP Enhancement Adjustment - Chemical Dependency -

The federal Jobs and Growth Tax Relief Reconciliation Act law resulted in a base year federal increase and state decrease of about three percent in the payment for Medicaid costs. This request provides an increase in state special revenue of \$37,712 each year of the biennium, with an offsetting decrease in federal funds, to reflect the removal of the enhanced Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007 for Chemical Dependency services. Please see page B1 for further information on Medicaid changes.

Public Health and Human Services-6901 Addictive and Mental Disorders-33

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 104 - FMAP Adjustment - Chemical Dependency -

This request provides an increase in state special revenue of \$70,491 over the biennium, with an offsetting decrease in federal funds, due to projected changes in the Federal Medical Assistance Percentage (FMAP) rates in FY 2006 and FY 2007. Please see page B1 for further information on Medicaid changes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$31,424 | \$0 |
| FY07 | \$31,424 | \$0 |

PL- 105 - Montana Chemical Dependency Center Base Adjustments -

This request provides \$42,591 in state special revenue and \$20,257 in federal funds over the biennium for current level services at the Montana Chemical Dependency Center. These services include holiday worked, overtime, differential, and physician on-call necessary to maintain minimum staffing requirements at a 24 hour day, seven day a week facility. These items are zero based and must be requested each biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$75,000 | \$0 |
| FY07 | \$75,000 | \$0 |

PL- 107 - Continue Data Infrastructure and Integration Grant -

This request is for \$150,000 in federal funds over the biennium. This funding will enable the department to develop a uniform management information system.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$960,525 | \$0 |
| FY07 | \$960,525 | \$0 |

PL- 126 - Mental Health Block Grant -

This decision package adds \$960,525 federal funds for the Community Services Block Grant in each year of the biennium. The division uses this grant to augment the Mental Health Services Plan (MHSP) and the funds are currently included in the MHSP contracts with mental health centers.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$250,000 | \$0 |
| FY07 | \$500,000 | \$0 |

PL- 132 - Substance Abuse Prevention Treatment Increase -

This proposal requests \$750,000 in additional federal authority over the biennium from the Substance Abuse and Prevention Treatment Block Grant. This funding will help the state to expand existing services and develop a more effective system of chemical, alcohol, and drug treatment and prevention programs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$165,097) | \$0 |
| FY07 | (\$165,097) | \$0 |

PL- 179 - Discontinue State Incentive Grant Authority -

This decision package discontinues the authority for the original State Incentive Grant, which was completed in FY 2004. This grant was for \$165,097 in federal funds each year of the biennium.

Public Health and Human Services-6901

Addictive and Mental Disorders-33

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,536 | \$2,134 |
| FY07 | \$8,536 | \$2,134 |

PL- 180 - Authority to Maximize PATH Grant -

The federal Projects for Assistance in Transition from Homelessness (PATH) grant is annually \$300,000. The grant requires a 25 percent state match. In FY 2004, the federal grant was under spent by \$6,402. This present law adjustment requests full biennial restoration of the authority for the federal grant of \$12,804 and the required general fund match of \$4,268.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$269,277 | \$0 |
| FY07 | \$269,277 | \$0 |

PL- 181 - Correct Accounting Error -

This present law adjustment corrects an accounting error made at 2004 fiscal year end. The original offset was in personal services and cannot be remedied in MBARS without this decision package. The correction is for \$538,554 state special revenue over the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$262,140) | (\$241,164) |
| FY07 | (\$257,210) | (\$235,974) |

PL- 9999 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 5.65 FTE and \$477,000 general fund per biennium, along with an additional \$35,000 in federal funds and \$7,000 in state special revenue, are removed from the budget permanently.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$135,415 | \$135,415 |
| FY07 | \$135,415 | \$135,415 |

NP- 50 - Montana Mental Health Nursing Care Center Bed Tax -

This proposal reinstates the funds to pay the bed tax charged for Montana Mental Health Nursing Care Center residents at the budgeted FY 2005 level. The proposal adds \$270,830 of general funds costs for the biennium. These funds were originally appropriated by the 2003 Legislature in HB 743. The proposal is revenue neutral, as a like amount will be deposited in the general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$228,702 | \$66,987 |
| FY07 | \$228,702 | \$68,428 |

NP- 58 - Enhance Community Psychiatric Access -

This new proposal seeks to increase the rate paid for community psychiatric services by 20 percent. Lack of psychiatrists statewide has a negative effect on community care for individuals suffering from mental illness. Further, lack of appropriate community psychiatry unnecessarily impacts the Montana State Hospital. This request adds \$135,415 in general fund and \$457,404 in total funds during the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$97,500 | \$0 |
| FY07 | \$162,500 | \$0 |

NP- 70 - Regional Staffing and Operating -

This new proposal adds 3.00 FTE in FY 2006 and 2.00 in FY 2007 (for a total of 5.00) to the mental health program. The regional staff are proposed to give the division the needed community presence necessary to improve regional and institutional service delivery. The proposal adds \$260,000 of federal funds for the biennium.

Public Health and Human Services-6901 Addictive and Mental Disorders-33

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$35,000 | \$35,000 |
| FY07 | \$35,000 | \$35,000 |

NP- 86 - Staff Training to Reduce Violence and Improve Communications -

This new proposal requests \$70,000 in general fund over the 2007 biennium for Montana State Hospital staff training. This training will reduce violence and improve communications between hospital staff and patients.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$76,273 |
| FY07 | \$0 | \$24,919 |

NP- 193 - Chemical Dependency Admin Fund Switch -

The decision package requests a fund shift of \$76,273 in FY 2006 and \$24,919 in FY 2007 from state special alcohol tax to general fund. The chemical dependency program has, historically, been funded with Substance Abuse Prevention and Treatment (SAPT) block grant funds and alcohol tax revenues. The amount of revenue collected on beer, wine, and alcohol is insufficient to keep pace with the expenditure needs of the programs historically funded from this source. The option that remains is to begin funding the administration of chemical dependency with general fund.

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,250,000 | \$0 |
| FY07 | \$3,250,000 | \$0 |

NP- 2 - Continuation of PSA for Mental Health Services -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package and the accompanying legislation provides funding over the biennium of \$6.5 million in state special revenue through the Prevention and Stabilization Account to continue the Mental Health Services Plan pharmacy and re-establish other community services at the funding level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one time only funding of SB 485. These funds will be used in financing the Health Insurance Flexibility and Accountability (HIFA) waiver in FY 2007. Please see page B-2 for further information on PSA funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$198,429 | \$99,214 |
| FY07 | \$198,429 | \$99,214 |

NP- 8 - Continuation of PSA for Adult Mental Health -

The Prevention and Stabilization Account (PSA) was created and funding appropriated during the 2003 Legislative Session in SB 485. The majority of the funding comes from the tobacco settlement funds. This decision package and the accompanying legislation provides funding over the biennium of \$198,430 in state special revenue through the Prevention and Stabilization Account and \$198,428 in general fund to continue to fund Adult Mental Health services at the funding level of the 2005 biennium. These services are scheduled to terminate on June 30, 2005 due to one time only funding of SB 485. Please see page B-2 for further information on PSA funding.

Language Recommendations -

The Addictive and Mental Disorders Division is requesting legislative approval to begin, during the 2007 biennium, the process of working toward a Home and Community Based Services waiver for presentation to the 2007 Legislature.



GOVERNOR
JUDY MARTZ

STATE OF MONTANA

SECTION C: NATURAL RESOURCES & COMMERCE

Dept of Fish, Wildlife & Parks
Dept of Environmental Quality
Dept of Livestock

Dept of Natural Resources & Conservation
Dept of Agriculture
Dept of Commerce

OBPP Staff:

Eileen Rose
Doug Schmitz

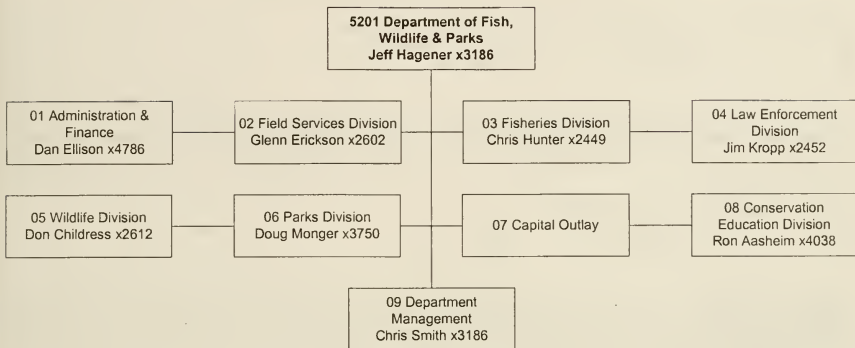
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GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

See page R-1 for specific agency assignments.

Department of Fish, Wildlife & Parks-5201



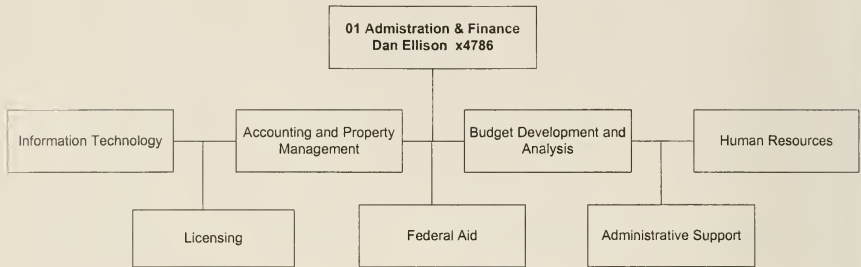
Mission Statement - Through our employees and citizen commission, to provide for the stewardship of the fish, wildlife, parks, and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 623.44 | 19.70 | 10.66 | 653.80 | 10.87 | 10.66 | 644.97 |
| Personal Services | 28,258,727 | 2,041,069 | 1,552,326 | 31,852,122 | 1,735,612 | 1,551,586 | 31,545,925 |
| Operating Expenses | 22,389,693 | (296,522) | 5,144,082 | 27,237,253 | (2,551,489) | 2,130,925 | 21,969,129 |
| Equipment | 841,890 | 9,593 | 172,000 | 1,023,483 | (357,407) | 125,000 | 609,483 |
| Grants | 795,654 | 88,787 | 0 | 884,441 | (97,449) | 0 | 698,205 |
| Benefits & Claims | 14,975 | 0 | 0 | 14,975 | 0 | 0 | 14,975 |
| Transfers | 89,317 | 190,352 | 0 | 279,669 | 190,352 | 0 | 279,669 |
| Total Costs | \$52,390,256 | \$2,033,279 | \$6,868,408 | \$61,291,943 | (\$1,080,381) | \$3,807,511 | \$55,117,386 |
| State/Other Special | 37,449,204 | 1,193,123 | 1,171,036 | 39,813,363 | (1,502,340) | 910,295 | 36,857,159 |
| Federal Special | 14,941,052 | 840,156 | 5,697,372 | 21,478,580 | 421,959 | 2,897,216 | 18,260,227 |
| Total Funds | \$52,390,256 | \$2,033,279 | \$6,868,408 | \$61,291,943 | (\$1,080,381) | \$3,807,511 | \$55,117,386 |

Department of Fish, Wildlife & Parks-5201

Administration & Finance Division-01



Program Description - The Administration and Finance Division provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. Additionally, the division provides information technology services to the agency and administers the sale of hunting, fishing, and other recreational licenses.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Estimated FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--------------------------|------------------|------------------|---------------------|---------------------|---------------------|---------------------|
| License and Permit Sales | 1,566,842 | 1,598,180 | 1,630,140 | 1,662,745 | 1,695,350 | 1,728,055 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 57.32 | 18.00 | 0.00 | 75.32 | 18.00 | 0.00 | 75.32 |
| Personal Services | 2,652,620 | 840,074 | 0 | 3,492,694 | 836,370 | 0 | 3,490,990 |
| Operating Expenses | 4,754,839 | (386,967) | 0 | 4,367,872 | (444,453) | 0 | 4,310,386 |
| Equipment | 28,488 | 0 | 0 | 28,488 | 0 | 0 | 28,488 |
| Transfers | 0 | 99,652 | 0 | 99,652 | 99,652 | 0 | 99,652 |
| Total Costs | \$7,435,947 | \$552,759 | \$0 | \$7,988,706 | \$493,569 | \$0 | \$7,929,516 |
| State/Other Special | 5,833,955 | 305,371 | 0 | 6,139,326 | 281,578 | 0 | 6,115,533 |
| Federal Special | 1,601,992 | 247,388 | 0 | 1,849,380 | 211,991 | 0 | 1,813,983 |
| Total Funds | \$7,435,947 | \$552,759 | \$0 | \$7,988,706 | \$493,569 | \$0 | \$7,929,516 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$14,000 | \$0 |
| FY07 | \$14,000 | \$0 |

PL- 101 - Sheep Auction Commission -

This budget request of \$14,000 per year of the 2007 biennium restores the budget to FY 2004 authorized level of \$30,000 and allows compliance with accounting standards for recording the 10 percent commission for a conservation organization to annually auction a bighorn sheep license.

Department of Fish, Wildlife & Parks-5201
Administration & Finance Division-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,099 | \$0 |
| FY07 | \$8,099 | \$0 |

PL- 103 - Seasonal Overtime -

This proposal requests \$8,099 per year state special revenue funding for seasonal overtime. Overtime is used in lieu of adding more staff during peak workload periods in the areas of licensing, payroll, budget, claims, and accounting and is removed from the budget at the beginning of the next budget cycle. This proposal reestablishes authority at the FY 2004 spending level.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$168,182) | \$0 |
| FY07 | (\$168,182) | \$0 |

PL- 104 - Automated License System Operations Transition -

This proposal is a reduction of \$336,364 authority and an increase of 18.00 FTE in the 2007 biennium. Montana Fish, Wildlife & Parks (FWP) will transition from contracted technology services costing \$1.9 million to in-house support costing \$1.58 million for the Automated Licensing System (ALS). ALS processes over 1.5 million license items annually. Converting from an out-sourced contract approach will realize these significant cost reductions, enhance system security and data integrity, and provide more timely and higher quality support to those who sell and purchase Montana hunting and fishing licenses.

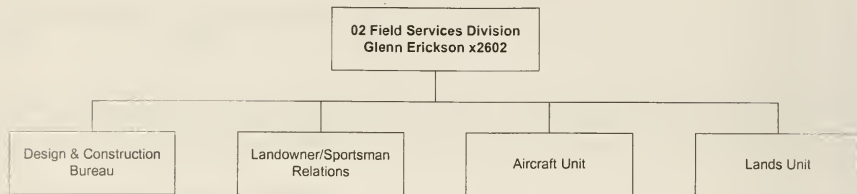
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$99,652 | \$0 |
| FY07 | \$99,652 | \$0 |

PL- 105 - Search and Rescue Transfer -

This request provides \$99,652 state special revenue authority each year. The 2003 Legislature passed SB112, which requires funding search and rescue operations for hunters, anglers, and trappers.

Department of Fish, Wildlife & Parks-5201

Field Services Division-02



Program Description - The Field Services Division provides services in the following areas. The Landowner Sportsman Relations Unit establishes and maintains communications with users, resource-based organizations and individuals; provides coordination for FWP weed management, livestock reimbursement, and landowner assistance functions; and administers the Living with Wildlife, Game Damage, Block Management, and Access Montana hunting access enhancement programs. The Living with Wildlife program provides grants to agencies, local government, and non-government organizations to reduce human/wildlife conflicts in urban and suburban settings. The Game Damage program provides assistance to landowners in minimizing impacts of game animals to property and crops. The Block Management and Access Montana programs provide tangible benefits to landowners to offset potential impacts associated with public hunting access on private property or to obtain public hunting access to public land.

The Design and Construction Bureau administers the department's Crossing the Barriers program and provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas.

The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking and transportation for the department.

The Land Unit is responsible for the real estate functions of the department, including the preparation of conservation easement terms and amendments, acquisition and disposal of real estate and real property, and management of all permanent land records.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of acres enrolled in block management | 8,668,096 | 8,809,758 | 8,761,894 | 8,750,000 | 5,000,000 | 0 |
| Number of hunter days on block management land | 347,915 | 378,444 | 408,093 | 375,000 | 200,000 | 0 |

Requested FY2006 and FY2007 estimates reflect current law. The Block Management program will sunset on March 1, 2006, unless changed by legislation.

Department of Fish, Wildlife & Parks-5201

Field Services Division-02

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 42.60 | (4.30) | 0.00 | 38.30 | (10.63) | 0.00 | 31.97 |
| Personal Services | 1,823,405 | (27,320) | 0 | 1,796,085 | (210,061) | 0 | 1,613,344 |
| Operating Expenses | 5,739,537 | (1,326,088) | 30,000 | 4,443,449 | (3,453,240) | 30,000 | 2,316,297 |
| Equipment | 13,306 | 0 | 0 | 13,306 | 0 | 0 | 13,306 |
| Benefits & Claims | 14,975 | 0 | 0 | 14,975 | 0 | 0 | 14,975 |
| Total Costs | \$7,591,223 | (\$1,353,408) | \$30,000 | \$6,267,815 | (\$3,663,301) | \$30,000 | \$3,957,922 |
| State/Other Special | 6,831,042 | (1,397,073) | 30,000 | 5,463,969 | (3,388,896) | 30,000 | 3,472,146 |
| Federal Special | 760,181 | 43,665 | 0 | 803,846 | (274,405) | 0 | 485,776 |
| Total Funds | \$7,591,223 | (\$1,353,408) | \$30,000 | \$6,267,815 | (\$3,663,301) | \$30,000 | \$3,957,922 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$2,081,947) | \$0 |
| FY07 | (\$4,364,950) | \$0 |

PL- 201 - Block Management -

This proposal reduces authority in FY 2006 by \$2,081,947 and FY 2007 by \$4,364,950 and reduces 4.30 FTE in FY 2006 and 10.63 FTE in FY 2007. SB 285 of the 2001 Legislature, which will sunset March 1, 2006, provided the authority and funding for FWP to establish and administer the Hunting Access Enhancement Program, including Block Management (private land access) and Access Montana (public land access.) This proposal will allow FWP to phase-out the program in the fall of 2005, the last hunting season before the program authority sunsets. LC# 233 has been submitted to the Legislature to reauthorize the program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$460,000 | \$0 |
| FY07 | \$460,000 | \$0 |

PL- 202 - General Recreation Use of State Lands -

This request for state special revenue provides \$460,000 annual authority required by the 10-year memorandum of understanding entered into in March 1, 2004, with Fish, Wildlife and Parks and the Department of Natural Resources and Conservation to compensate the school trust for the value of recreational use of school trust lands by hunters and anglers in an amount equivalent to \$2 for every conservation license sold the prior year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$71,356 | \$0 |
| FY07 | \$108,720 | \$0 |

PL- 203 - Taxes -

This proposal restores and makes permanent the one-time-only authority approved by the 2003 Legislature of \$71,356 in FY 2006 and \$108,720 in FY 2007 to meet anticipated tax liabilities on department owned lands. FWP is required by statute to make payments to counties equivalent to property taxes on wildlife management areas, fishing access sites, hatcheries and administrative sites.

Department of Fish, Wildlife & Parks-5201 **Field Services Division-02**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,211 | \$0 |
| FY07 | (\$19,789) | \$0 |

PL- 205 - Public Wildlife Interface Biennial -

This request combined with the base budget, will continue the \$65,000 state special revenue biennial appropriation for the 2007 biennium. The Public Wildlife Interface Program is cooperative efforts between FWP, local governments, and other entities to disseminate information on topics such as living with wildlife and for other programs associated with this issue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$37,539 | \$0 |
| FY07 | \$37,539 | \$0 |

PL- 206 - Net Client Hunter Use - Restricted -

This proposal restores \$37,539 restricted authority each year of the biennium for FWP to carryout its statutory responsibilities under 37-47-317, MCA, to analyze the impacts of applications for an increase in Net Client Hunting Use by outfitters. In FY 2004 the Board of Outfitters received two NCHU applications.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$19,098 | \$0 |
| FY07 | \$19,098 | \$0 |

PL- 209 - Internal Service Rate Adjustment -

This budget request of \$19,098 each year will allow FWP to manage its fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates are used to maintain the department fleet and replace existing vehicles as needed.

-----New Proposals-----

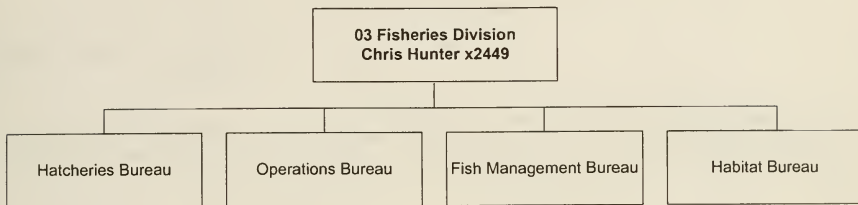
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,000 | \$0 |
| FY07 | \$30,000 | \$0 |

NP- 208 - Urban Wildlife -

This proposal requests \$60,000 state special authority for the biennium to assist cities and towns in planning and implementing urban wildlife control.

Department of Fish, Wildlife & Parks-5201

Fisheries Division-03



Program Description - The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program:

- operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited;
- regulates angler harvests;
- monitors fish populations; and
- provides and maintains adequate public access.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of fish stocked (in millions) | 41.3 | 41.1 | 60.0 | 60.0 | 80.0 | 80.0 |
| Pounds of fish stocked | 261,072 | 375,000 | 350,000 | 680,000 | 680,000 | 680,000 |
| Fish habitat projects | 37 | 41 | 41 | 40 | 40 | 40 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 142.02 | 1.00 | 3.00 | 146.02 | 1.00 | 3.00 | 146.02 |
| Personal Services | 6,199,430 | 523,650 | 1,276,604 | 7,999,684 | 526,886 | 1,276,511 | 8,002,827 |
| Operating Expenses | 3,584,954 | 78,183 | 1,325,403 | 4,988,540 | 70,683 | 1,325,496 | 4,981,133 |
| Equipment | 217,165 | 10,000 | 125,000 | 352,165 | 0 | 125,000 | 342,165 |
| Grants | 30,000 | 0 | 0 | 30,000 | 0 | 0 | 30,000 |
| Total Costs | \$10,031,549 | \$611,833 | \$2,727,007 | \$13,370,389 | \$597,569 | \$2,727,007 | \$13,356,125 |
| State/Other Special | 3,635,112 | 193,625 | 477,007 | 4,305,744 | 189,704 | 477,007 | 4,301,823 |
| Federal Special | 6,396,437 | 418,208 | 2,250,000 | 9,064,645 | 407,865 | 2,250,000 | 9,054,302 |
| Total Funds | \$10,031,549 | \$611,833 | \$2,727,007 | \$13,370,389 | \$597,569 | \$2,727,007 | \$13,356,125 |

**Department of Fish, Wildlife & Parks-5201
Fisheries Division-03**

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$11,250 | \$0 |
| FY07 | \$11,250 | \$0 |

PL- 302 - Lower Yellowstone River Operations -

This proposed federal funding of \$11,250 each year of the 2007 biennium will provide funding for a Lower Yellowstone River Biologist position. The position was created through reorganization of the Helena staff. This biologist will be responsible for regional fisheries work including species inventory and management of paddlefish, sauger, blue suckers, etc.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$62,222 | \$0 |
| FY07 | \$47,194 | \$0 |

PL- 304 - Fisheries Field Technician -

This request is for 1.00 FTE and authority of \$62,222 in FY 2006 and \$47,194 in FY 2007 for additional fish technicians that perform the day-to-day fieldwork under the direction of a regional biologist.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$20,000 | \$0 |
| FY07 | \$20,000 | \$0 |

PL- 305 - USFWS Virology Contract -

This request of \$40,000 in budget authority, funded 25 percent state special revenue and 75 percent federal special revenue, for the biennium will support FWP's contract with the USFWS for virology laboratory support. Virology had been previously provided without any charge.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$22,600 | \$0 |
| FY07 | \$22,600 | \$0 |

PL- 308 - Internal Service Rate Adjustment -

This budget request of \$22,600 each year will allow FWP to manage its fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates are used to maintain the department fleet and replace existing vehicles as needed.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$477,007 | \$0 |
| FY07 | \$477,007 | \$0 |

NP- 301 - Fort Peck Hatchery Operations -

This budget request of \$477,007 per year of the 2007 biennium and 3.00 FTE will allow hiring of staff and operation of the Fort Peck Hatchery. The 2003 Legislature approved an on-site manager to coordinate the construction and that additional staff would be necessary when completed. Funding comes from revenue earmarked from the sales of the warm water fish stamp.

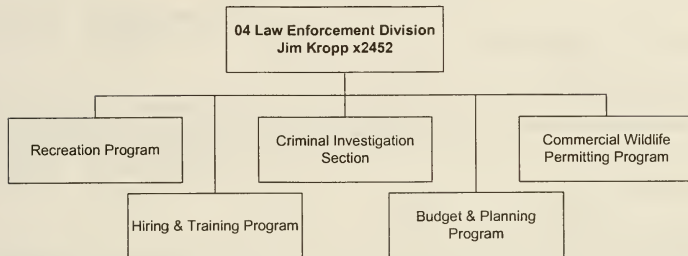
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,250,000 | \$0 |
| FY07 | \$2,250,000 | \$0 |

NP- 306 - Short Term Federal Authority OTO -

The budget request is for one-time-only authority of \$2.25 million for anticipated additional short-term federal grants.

Department of Fish, Wildlife & Parks-5201

Enforcement Division-04



Program Description - The Law Enforcement Division is responsible for ensuring compliance with state laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety and registration. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|----------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of Contacts | 145,695 | 157,463 | 142,440 | 150,000 | 150,000 | 150,000 |
| Number of Violations | 13,224 | 12,326 | 12,498 | 12,000 | 12,000 | 12,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 101.95 | (2.50) | 3.50 | 102.95 | (5.00) | 3.50 | 100.45 |
| Personal Services | 5,138,378 | 97,047 | 127,693 | 5,363,118 | (26,665) | 127,353 | 5,239,066 |
| Operating Expenses | 1,497,122 | 16,111 | 128,186 | 1,641,419 | (17,597) | 63,408 | 1,542,933 |
| Equipment | 72,248 | 0 | 0 | 72,248 | 0 | 0 | 72,248 |
| Grants | 35,400 | 0 | 0 | 35,400 | (40,000) | 0 | (4,600) |
| Total Costs | \$6,743,148 | \$113,158 | \$255,879 | \$7,112,185 | (\$84,262) | \$190,761 | \$6,849,647 |
| State/Other Special | 6,514,140 | 89,913 | 164,047 | 6,768,100 | (78,192) | 99,047 | 6,534,995 |
| Federal Special | 229,008 | 23,245 | 91,832 | 344,085 | (6,070) | 91,714 | 314,652 |
| Total Funds | \$6,743,148 | \$113,158 | \$255,879 | \$7,112,185 | (\$84,262) | \$190,761 | \$6,849,647 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$200,000 | \$0 |
| FY07 | \$200,000 | \$0 |

PL- 401 - Warden Overtime -

This proposal for \$200,000 per year of the 2007 biennium will fund overtime for wardens working during official holidays, for providing emergency responses, and for increased coverage during peak times and seasons.

Department of Fish, Wildlife & Parks-5201 Enforcement Division-04

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,733 | \$0 |
| FY07 | (\$2,267) | \$0 |

PL- 403 - Bison Hunt Biennial -

This proposal, combined with the base budget, will create a biennial \$10,000 state special revenue appropriation for a bison hunt to be used as a management tool in accordance with SB 395, passed by the 2003 Legislature.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | (\$40,000) | \$0 |

PL- 406 - Adjust County Water Safety -

This budget reduction of \$40,000 state special revenue in FY 2007 is for the County Water Safety Program. Current statute 23-2-532, MCA, will sunset June 30, 2006. LC# 238 has been submitted to the Legislature to reauthorize the program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$145,903) | \$0 |
| FY07 | (\$291,806) | \$0 |

PL- 411 - Block Management Program -

This proposal reduces authority in FY 2006 by \$145,903 and in FY 2007 by \$291,806 and reduces FTE by 2.50 in FY 2006 and 5.00 FTE FY 2007. SB 285, passed by the 2001 Legislature which will sunset March 1, 2006 and provide for the authority and funding for FWP to establish and administer the Hunting Access Enhancement Program, including Block Management (private land access) and Access Montana (public land access.) This proposal will allow FWP to phase-out the program in the fall of 2005, the last hunting season before the program authority sunsets. LC# 233 has been submitted to the Legislature to reauthorize the program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$27,499 | \$0 |
| FY07 | \$27,499 | \$0 |

PL- 412 - Internal Service Rate Adjustment -

This budget request of \$27,499 each year will allow FWP to manage its fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates are used to maintain the department fleet and replace existing vehicles as needed.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$44,047 | \$0 |
| FY07 | (\$10,953) | \$0 |

NP- 402 - Commercial Licensing Program - Biennial/Rest/OTO -

This proposal is requesting the continuation of state special one-time-only biennial appropriation of \$55,000. The allocation is used to pay for Environmental Assessments (EA) and Environmental Impact Statements (EIS), commercial wildlife inspections, administration of shooting preserves, game bird farms, alternative livestock facilities, taxidermists, falconry, etc.

**Department of Fish, Wildlife & Parks-5201
Enforcement Division-04**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$20,000 | \$0 |
| FY07 | \$20,000 | \$0 |

NP- 407 - Short Term Federal Authority OTO -

This proposal will provide \$20,000 per year of the 2007 biennium of one-time-only federal authority for funding that may become available under contractual agreements with the federal government.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$120,000 | \$0 |
| FY07 | \$110,000 | \$0 |

NP- 408 - Regional Investigators -

This request is recommended by the Executive to fund 2.00 FTE regional investigators and related operating expenses totaling \$120,000 in FY 2006 and \$110,000 in FY 2007. This proposal reflects the need to provide enhanced investigation capability without compromising the growing workload responsibilities and legislative mandates of district game wardens.

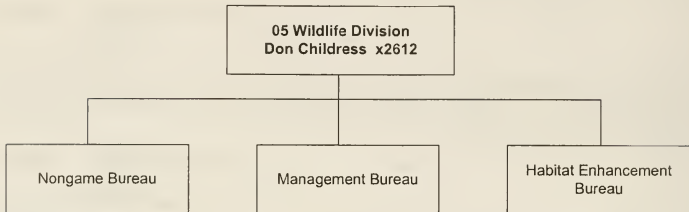
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$71,832 | \$0 |
| FY07 | \$71,714 | \$0 |

NP- 409 - Seasonal Water Safety - Restricted -

This restricted federally funded request would fund 1.50 FTE in FY 2006 and FY 2007 and related operating costs totaling \$71,832 in FY 2006 and \$71,714 in FY 2007. These seasonal water safety officer positions will increase water safety education, increase enforcement presence, and address water recreation conflicts. LC# 236 is proposed to reinstate the annual boat registration.

Department of Fish, Wildlife & Parks-5201

Wildlife Division-05



Program Description - The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Acres of habitat acquired or enhanced | 54,861 | 85,000 | 200,000 | 220,000 | 150,000 | 150,000 |
| Regulations printed | 737,000 | 798,600 | 695,000 | 695,000 | 700,000 | 700,000 |
| Recreation day associated with hunting and trapping | 2,116,965 | 2,569,203 | 2,700,000 | 3,000,000 | 3,000,000 | 3,000,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 101.43 | 1.00 | 1.50 | 103.93 | 1.00 | 1.50 | 103.93 |
| Personal Services | 4,836,183 | 285,423 | 57,680 | 5,179,286 | 285,211 | 57,535 | 5,178,929 |
| Operating Expenses | 2,725,472 | 317,171 | 539,729 | 3,582,372 | 317,218 | 539,729 | 3,582,419 |
| Equipment | 41,268 | 0 | 47,000 | 88,268 | 0 | 0 | 41,268 |
| Grants | 133,847 | 0 | 0 | 133,847 | 0 | 0 | 133,847 |
| Total Costs | \$7,736,770 | \$602,594 | \$644,409 | \$8,983,773 | \$602,429 | \$597,264 | \$8,936,463 |
| State/Other Special | 4,028,187 | 376,789 | 123,869 | 4,528,845 | 376,427 | 76,762 | 4,481,376 |
| Federal Special | 3,708,583 | 225,805 | 520,540 | 4,454,928 | 226,002 | 520,502 | 4,455,087 |
| Total Funds | \$7,736,770 | \$602,594 | \$644,409 | \$8,983,773 | \$602,429 | \$597,264 | \$8,936,463 |

**Department of Fish, Wildlife & Parks-5201
Wildlife Division-05**

-----**Present Law Adjustments**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$27,750 | \$0 |
| FY07 | \$27,750 | \$0 |

PL- 501 - Elk, Moose, and Mule Deer Auctions -

This budget includes state special funding of \$27,750 each year for enhanced elk, moose, and mule deer survey efforts.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$250,000 | \$0 |
| FY07 | \$250,000 | \$0 |

PL- 502 - Enhanced Wildlife Surveys -

This budget request for and additional 1.00 FTE and \$250,000 each year of the 2007 biennium will fund an additional pilot for increased operations and allow the department to refine its techniques for survey and inventory while increasing the amount of survey and inventory work completed.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$43,500 | \$0 |
| FY07 | \$43,500 | \$0 |

PL- 505 - Restore Nongame Wildlife Funds- Restricted/OTO-

The Executive recommends restricted one-time-only state special revenue funding of \$43,500 each year of the 2007 biennium. The authority will fund survey and inventory of non-game species.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$26,388 | \$0 |
| FY07 | \$26,388 | \$0 |

PL- 507 - Increase for Migratory Bird Program Funds -

This state special revenue budget request will increase operations by \$26,388 each year of the biennium. This will allow for implementation of the wetland program under the Wetland Legacy Program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,362 | \$0 |
| FY07 | \$25,362 | \$0 |

PL- 510 - Internal Service Rate Adjustment -

This budget includes \$25,362 per year of the 2007 biennium which will allow FWP to manage its fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates is used to maintain the department fleet and replace existing vehicles as needed.

-----**New Proposals**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$36,692 | \$0 |
| FY07 | \$36,595 | \$0 |

NP- 503 - Wildlife Conflict Specialist R1 -

The Executive is recommending the addition of 1.00 FTE and state special revenue funding of \$36,692 in FY 2006 and \$36,595 in FY 2007 for a wildlife conflict specialist and related operating expenditures. The specialist's duties will focus on responding to nuisance black bears, mountain lions, and moose in the urban/wild land interface.

**Department of Fish, Wildlife & Parks-5201
Wildlife Division-05**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$160,717 | \$0 |
| FY07 | \$160,669 | \$0 |

NP- 504 - Mountain Lion Research OTO -

This proposal continues a one-time-only operating budget of \$160,717 in FY 2006 and \$160,669 in FY 2007 for mountain lion research initiated in 1997 and the continuation of a 0.50 FTE to assist with lion trapping and track monitoring from October through March. Research is important to ensure proper management of mountain lion populations to meet both hunting and public safety goals. The current research project is planned to continue through 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$47,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 506 - Equipment OTO -

The Executive recommends this one-time-only \$47,000 request of state special revenue in FY 2006. The additional equipment authority is for a 60 horsepower utility tractor with loader and cab to replace a 1970 tractor.

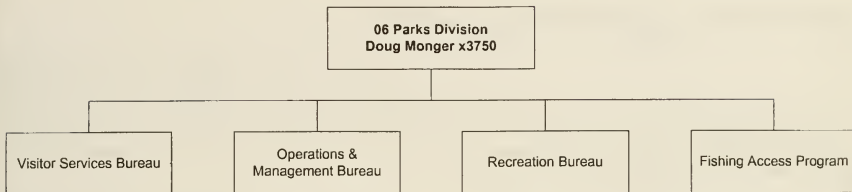
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$400,000 | \$0 |
| FY07 | \$400,000 | \$0 |

NP- 508 - Short Term Federal Authority OTO -

This budget request will restore \$400,000 per year of the 2007 biennium of one-time-only federal authority for short-term contracts that are used to perform projects for federal agencies via contract.

Department of Fish, Wildlife & Parks-5201

Parks Division-06



Program Description - The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 42 parks, 12 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 320 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants, local government recreation grants, and state Capitol Complex grounds maintenance.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|---------------|---------------|---------------|------------------|------------------|------------------|
| State Park Visitation | 1.1 million | 1.6 million | 1.6 million | 1.7 million | 1.8 million | 2.0 million |
| Satisfaction with state park maintenance | 70% | 85% | 85% | 85% | 90% | 90% |
| Satisfaction with resources protection | 69% | 85% | 85% | 85% | 85% | 90% |
| Satisfaction with staff service | 79% | 85% | 85% | 85% | 95% | 95% |
| Satisfaction with park education programs | 63% | 75% | 75% | 75% | 80% | 85% |
| Satisfaction with feeling safe in parks | 70% | 85% | 85% | 85% | 85% | 90% |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|---------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| FTE | 97.26 | 5.50 | 0.00 | 102.76 | 5.50 | 0.00 | 102.76 |
| Personal Services | 3,638,192 | 173,366 | 0 | 3,811,558 | 175,305 | 0 | 3,813,497 |
| Operating Expenses | 1,666,096 | 955,586 | 35,000 | 2,656,682 | 956,021 | 35,000 | 2,657,117 |
| Equipment | 448,452 | (407) | 0 | 448,045 | (357,407) | 0 | 91,045 |
| Grants | 380,782 | 88,787 | 0 | 469,569 | 88,787 | 0 | 469,569 |
| Transfers | 89,317 | 90,700 | 0 | 180,017 | 90,700 | 0 | 180,017 |
| Total Costs | \$6,222,839 | \$1,308,032 | \$35,000 | \$7,565,871 | \$953,406 | \$35,000 | \$7,211,245 |
| State/Other Special | 5,878,656 | 1,280,471 | 0 | 7,159,127 | 925,845 | 0 | 6,804,501 |
| Federal Special | 344,183 | 27,561 | 35,000 | 406,744 | 27,561 | 35,000 | 406,744 |
| Total Funds | \$6,222,839 | \$1,308,032 | \$35,000 | \$7,565,871 | \$953,406 | \$35,000 | \$7,211,245 |

Department of Fish, Wildlife & Parks-5201 **Parks Division-06**

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$24,607) | \$0 |
| FY07 | (\$24,607) | \$0 |

PL- 601 - Equipment Reduction -

This budget request is to reduce equipment authority by \$24,607 in FY 2006 and FY 2007 for a one-time equipment purchase in the base year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,561 | \$0 |
| FY07 | \$7,561 | \$0 |

PL- 602 - Restore Land & Water Conservation Program Funds -

This request of \$7,561 in both years of the 2007 biennium will restore federal authority to administer the Land and Water community grants program. The Land and Water Conservation Fund (LWCF) passes federal monies to local communities through the State Parks budget to build ball fields, parks, playgrounds, and trails.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$917,422 | \$0 |
| FY07 | \$917,335 | \$0 |

PL- 604 - Restore Park Field Maintenance & Operations -

The budget restores state special funding of approximately \$917,500 each year of the biennium and 2.50 FTE of base State Park authority commensurate with the intent of SB 336, passed by the 2003 Legislature. The request includes \$90,700 each year for transfers to Virginia and Nevada Cities as required in 15-1-122, MCA. These will be seasonal positions doing front line maintenance at parks including litter pickup, painting buildings, weed control, mowing, cleaning restrooms, latrine pumping, fencing, roof repair, historic building preservation, road repairs, major maintenance, etc.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$236,871 | \$0 |
| FY07 | \$236,720 | \$0 |

PL- 605 - FAS Base Maintenance and Operations -

The Executive recommends restoring base authority of \$236,871 in FY 2006 and \$236,720 in FY 2007 and an increase of 3.00 FTE from Fishing Access Site (FAS) authority commensurate with the intent of SB 336, passed by the 2003 Legislature. The FTE will allow hiring seasonal maintenance help and enforcement staff to improve safety of visitors and reduce vandalism. Operating authority will allow maintenance tasks such as weed control, boat ramp repair, painting, fencing, pumping latrines, grading roads, improving signs and repairing vandalism.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$38,000 | \$0 |
| FY07 | \$38,000 | \$0 |

PL- 606 - Community Service -

This request will restore \$38,000 state special authority in each year of the 2007 biennium to continue utilizing community service programs to assist with park maintenance projects. The department used a modified FTE to supervise volunteers and those expenditures were not included in the base year.

Department of Fish, Wildlife & Parks-5201 Parks Division-06

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$24,200 | \$0 |
| FY07 | (\$332,800) | \$0 |

PL- 607 - Snowmobile Groomer Replacement - Biennial -

This increase to the biennium budget request of \$24,200 state special revenue for replacement of snowmobile groomer equipment. State parks purchase equipment for local clubs to groom snowmobiling trails statewide.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$107,349 | \$0 |
| FY07 | \$107,349 | \$0 |

PL- 608 - Snowmobile Grants & Operations -

This budget request will restore \$107,349 state special revenue each year of the 2007 biennium for the maintenance of snowmobile trails by local snowmobile clubs statewide.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$13,406 | \$0 |
| FY07 | \$13,406 | \$0 |

PL- 610 - Internal Service Rate Adjustment -

This budget request of \$13,406 each year will allow FWP to manage its fleet of vehicles and aircraft for department use. Program staff who drive department vehicles are assessed a fee for the miles they drive. The revenue generated from the vehicle rates are used to maintain the department fleet and replace existing vehicles as needed.

-----**New Proposals**-----

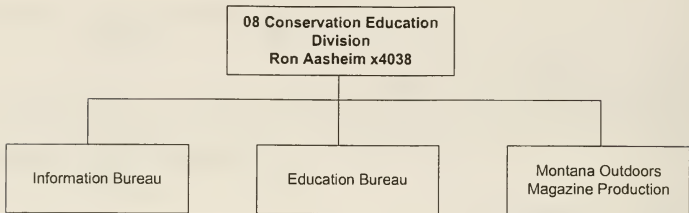
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$35,000 | \$0 |
| FY07 | \$35,000 | \$0 |

NP- 603 - Short Term Federal Authority OTO -

This budget request will restore \$70,000 for the 2007 biennium for one-time-only federal authority with short-term contracts.

Department of Fish, Wildlife & Parks-5201

Conservation Education Division-08



Program Description - The Conservation Education Division, through its Helena office and seven regional information officers, coordinates the department's information and education programs. Its responsibilities include:

- Distributing public information through news releases, audio-visual materials, brochures and public service announcements;
- Coordinating youth education programs;
- Coordinating the production of hunting, fishing and trapping regulations;
- Coordinating the hunter, bow-hunter, snowmobile, boat and off-highway vehicle education and safety programs; and
- Providing reception services for the department's Helena Headquarters.
- In addition, the program publishes Montana Outdoors Magazine, produces video documentaries, maintains a film/video lending library, and operates the department's wild animal rehabilitation center.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-----------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Hunter Ed students instructed | 6,670 | 6,500 | 6,500 | 6,500 | 6,500 | 6,500 |
| Bow-hunter Ed students instructed | 2,056 | 2,416 | 2,500 | 2,500 | 2,500 | 2,500 |
| Television Outdoor reports | 52 | 52 | 52 | 48 | 50 | 50 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 24.89 | 0.00 | 1.16 | 26.05 | 0.00 | 1.16 | 26.05 |
| Personal Services | 1,252,129 | 61,978 | 31,393 | 1,345,500 | 62,297 | 31,353 | 1,345,779 |
| Operating Expenses | 1,261,359 | 19,780 | 25,764 | 1,306,903 | (145) | 77,292 | 1,338,506 |
| Equipment | 6,900 | 0 | 0 | 6,900 | 0 | 0 | 6,900 |
| Grants | 146,236 | 0 | 0 | 146,236 | (146,236) | 0 | 0 |
| Total Costs | \$2,666,624 | \$81,758 | \$57,157 | \$2,805,539 | (\$84,084) | \$108,645 | \$2,691,185 |
| State/Other Special | 1,933,336 | 96,425 | 57,157 | 2,086,918 | (69,417) | 108,645 | 1,972,564 |
| Federal Special | 733,288 | (14,667) | 0 | 718,621 | (14,667) | 0 | 718,621 |
| Total Funds | \$2,666,624 | \$81,758 | \$57,157 | \$2,805,539 | (\$84,084) | \$108,645 | \$2,691,185 |

**Department of Fish, Wildlife & Parks-5201
Conservation Education Division-08**

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$17,801 | \$0 |
| FY07 | (\$148,435) | \$0 |

PL- 802 - Shooting Range Grants Biennial -

The Executive recommends this increase of \$17,801 state special revenue for the biennium to administer a public shooting range grant program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,000 | \$0 |
| FY07 | \$2,000 | \$0 |

PL- 804 - OHV Information & Education -

This base budget request for \$2,000 state special authority each year for printing off highway vehicle materials.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,315 | \$0 |
| FY07 | \$3,315 | \$0 |

PL- 805 - Snowmobile Information & Education -

This base adjustment of state special authority is \$3,315 for both years of the biennium to print snowmobile trail maps.

-----New Proposals-----

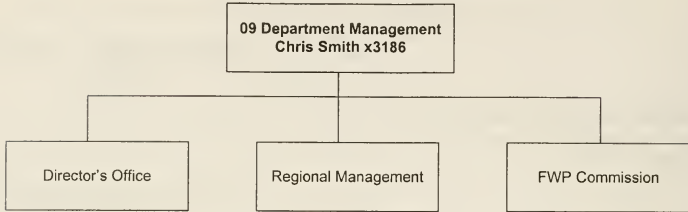
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$57,157 | \$0 |
| FY07 | \$108,645 | \$0 |

P- 801 - The Wildlife Center -

The Executive recommends this proposal of \$57,157 in FY 2006 and \$108,645 in FY 2007 of state special authority to fund 1.16 FTE for staff to perform daily operations of the education center.

Department of Fish, Wildlife & Parks-5201

Department Management-09



Program Description - The Department Management Division is responsible for:

- Overall department direction regarding policy, planning, program development, guidelines, and budgets;
- Serving as a liaison with the Governor's Office and the legislature;
- Interaction with the Fish, Wildlife and Parks Commission;
- Decision-making for key resource activities affecting the department;
- Supervision of the seven divisions that provide program development and staff support;
- Supervision of the seven regional offices that are responsible for program implementation;
- Legal services for the department; and
- Serving as a liaison with Montana's Indian tribes and with other state and federal agencies.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Estimated FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel appraisals conducted (Performance Agreements) | 95% | 83% | 98% | 98% | 98% | 98% |
| Percent % of employee participants in Leadership & Career Development Initiatives | 77% | 85% | 90% | 90% | 90% | 90% |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 55.97 | 1.00 | 1.50 | 58.47 | 1.00 | 1.50 | 58.47 |
| Personal Services | 2,718,390 | 86,851 | 58,956 | 2,864,197 | 84,269 | 58,834 | 2,861,493 |
| Operating Expenses | 1,160,314 | 29,702 | 3,060,000 | 4,250,016 | 20,024 | 60,000 | 1,240,338 |
| Equipment | 14,063 | 0 | 0 | 14,063 | 0 | 0 | 14,063 |
| Grants | 69,389 | 0 | 0 | 69,389 | 0 | 0 | 69,389 |
| Total Costs | \$3,962,156 | \$116,553 | \$3,118,956 | \$7,197,665 | \$104,293 | \$118,834 | \$4,185,283 |
| State/Other Special | 2,794,776 | 247,602 | 318,956 | 3,361,334 | 260,611 | 118,834 | 3,174,221 |
| Federal Special | 1,167,380 | (131,049) | 2,800,000 | 3,836,331 | (156,318) | 0 | 1,011,062 |
| Total Funds | \$3,962,156 | \$116,553 | \$3,118,956 | \$7,197,665 | \$104,293 | \$118,834 | \$4,185,283 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$16,000 | \$0 |
| FY07 | \$16,000 | \$0 |

PL- 901 - Commission Expense -

This request is recommended by the Executive to restore \$16,000 each year of the biennium of personal services authority for commissioner per diem.

Department of Fish, Wildlife & Parks-5201 **Department Management-09**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | (\$8,040) | \$0 |

PL- 904 - Statute Book Printing -

This budget includes a reduction of \$8,040 in the second year of the biennium for costs association with cyclical printing costs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$72,657 | \$0 |
| FY07 | \$72,508 | \$0 |

PL- 910 - Litigation Expenses -

This budget request is recommended by the Executive to add 1.00 FTE and related operating expenses of \$72,657 in FY 2006 and \$72,508 in FY 2007. Increased litigation workload requires the increase of two current half-time positions to full-time positions.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,000 | \$0 |
| FY07 | \$30,000 | \$0 |

NP- 902 - Regional Office Equipment - OTO -

This one-time-only budget request includes \$30,000 each year of the biennium to fund maintenance and minor office equipment.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,000,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 905 - State Wildlife Grants - Biennial/OTO -

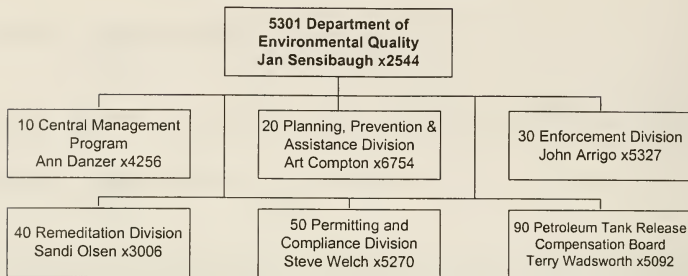
The Executive recommends this biennial one-time-only request for \$200,000 state special revenue and \$2,800,000 federal special revenue for projects to conserve and enhance population of native fish and wildlife species.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$88,956 | \$0 |
| FY07 | \$88,834 | \$0 |

NP- 908 - River Recreation Management -

This request is recommended by the Executive and will fund 1.50 FTE and \$88,956 in FY 2006 and \$88,834 in FY 2007. A full-time recreation manager will work with the public on social conflicts and river access and a half-time river ranger is charged with managing use on rivers and fishing access sites.

Department of Environmental Quality-5301



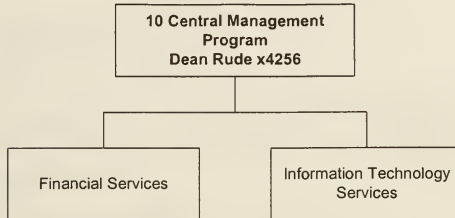
Mission Statement - To protect, promote and enhance public health and environmental quality for the benefit of all Montana citizens.

Statutory Authority - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; PL No. 92-500, 95-87, 91, 95-224 and 99-519.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 355.03 | 16.75 | 2.75 | 374.53 | 16.75 | 2.75 | 374.53 |
| Personal Services | 15,630,089 | 2,571,026 | 110,506 | 18,311,621 | 2,547,629 | 110,208 | 18,287,926 |
| Operating Expenses | 24,154,345 | 37,752,198 | 5,214,609 | 67,121,152 | 780,219 | 3,208,459 | 28,143,023 |
| Equipment | 102,112 | 2,563 | 0 | 104,675 | 2,563 | 0 | 104,675 |
| Grants | 1,457,581 | 316,599 | 0 | 1,774,180 | 431,998 | 0 | 1,889,579 |
| Benefits & Claims | 0 | 4,100,000 | 0 | 4,100,000 | 0 | 0 | 0 |
| Total Costs | \$41,344,127 | \$44,742,386 | \$5,325,115 | \$91,411,628 | \$3,762,409 | \$3,218,667 | \$48,425,203 |
| General Fund | 3,053,744 | 1,075,753 | 0 | 4,129,497 | 1,043,196 | 0 | 4,096,940 |
| State/Other Special | 17,829,392 | 35,208,772 | 2,731,525 | 55,769,689 | (1,238,764) | 2,159,563 | 18,750,191 |
| Federal Special | 20,460,991 | 8,457,861 | 2,593,590 | 31,512,442 | 3,957,977 | 1,159,104 | 25,578,072 |
| Total Funds | \$41,344,127 | \$44,742,386 | \$5,325,115 | \$91,411,628 | \$3,762,409 | \$3,318,667 | \$43,925,203 |

Department of Environmental Quality-5301

Central Management Program-10



Program Description - The Central Management Program consists of the director's office, a financial services office, and an information technology office. It is the organizational component of the DEQ responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The director's office includes the director's staff, the deputy director, an administrative officer, public information officer, a centralized legal services unit, and a centralized personnel office. The financial services office provides budgeting, accounting, payroll, procurement and contract management support to other divisions. The information technology office provides information technology services support to other divisions.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 11.00 | 0.00 | 0.00 | 11.00 | 0.00 | 0.00 | 11.00 |
| Personal Services | 495,078 | 107,368 | 0 | 602,446 | 107,456 | 0 | 602,534 |
| Operating Expenses | 593,848 | 2,234,926 | 362,424 | 3,191,198 | 25,180 | 0 | 619,028 |
| Total Costs | \$1,088,926 | \$2,342,294 | \$362,424 | \$3,793,644 | \$132,636 | \$0 | \$1,221,562 |
| General Fund | 253,386 | 82,759 | 0 | 336,145 | 45,433 | 0 | 298,819 |
| State/Other Special | 647,125 | 2,295,670 | 362,424 | 3,305,219 | 123,157 | 0 | 770,282 |
| Federal Special | 188,415 | (36,135) | 0 | 152,280 | (35,954) | 0 | 152,461 |
| Total Funds | \$1,088,926 | \$2,342,294 | \$362,424 | \$3,793,644 | \$132,636 | \$0 | \$1,221,562 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,047,924 | \$0 |
| FY07 | \$0 | \$0 |

PL- 1004 - MT Environmental Policy Act Biennial Restricted -

The executive recommends an increase to the biennial restricted appropriation for the Montana Environmental Policy Act (MEPA) from \$1,000,000 to \$2,500,000. Combined with the base budget, this request provides the technical adjustment to create the appropriation. An outside party requesting an Environmental Impact Statement (EIS) from the department pays the fee. The average cost of an EIS is \$350,000 to \$400,000 with an average of four EIS projects per year. This appropriation has not been increased since FY2001; yet, the average price per EIS has increased from \$200,000 to over \$350,000.

Department of Environmental Quality-5301 Central Management Program-10

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$170,740 | \$24,273 |
| FY07 | \$45,761 | \$24,277 |

PL- 1009 - Non-Proprietary Central Management Operating Adj -

The executive recommends \$170,740 in FY 2006 and \$45,761 in FY 2007 for operating adjustments for the Montana Environmental Policy Act (MEPA) administration and Environmental Rehabilitation and Response (ERRA) program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,528 | \$18,528 |
| FY07 | (\$18,528) | (\$18,528) |

PL- 1011 - Board Environmental Review Biennial Request -

The executive recommends an increasing of \$18,528 in FY 2006 and a decrease of \$18,528 in FY 2007 to create a biennial appropriation for the Board of Environmental Review with no increase above the FY 2004 base expenditure level.

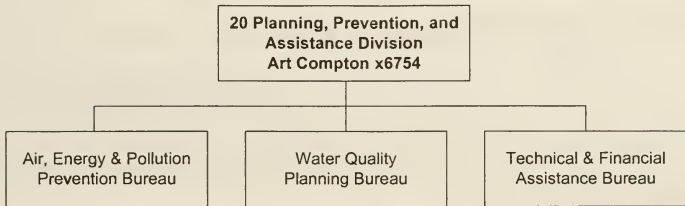
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$362,424 | \$0 |
| FY07 | \$0 | \$0 |

NP- 1008 - Concentrated Animal Feed Op Environmental Impact Statement-OTO -

The executive recommends a \$362,424 biennial appropriation of state special revenue for the 2007 biennium. This recommendation is in response to a Montana District Court order to the Department of Environmental Quality (DEQ) to stop issuing water quality permits to concentrated animal feeding operations (CAFO). The DEQ is required to prepare an environmental impact statement (EIS) before any additional water quality permits can be issued.

Department of Environmental Quality-5301 Planning, Prevention & Assistance.Division-20



Program Description - The Planning, Prevention and Assistance Division 1) finances construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to Montana communities water infrastructure planners; 2) assists small businesses in reducing emissions and complying with environmental regulations; 3) monitors air and water quality conditions, assesses potential pollution problems, and helps industry achieve cost effective compliance; 4) assists community's to plan for energy, watershed, airshed, and solid and hazardous waste management; 5) helps develop water Total Maximum Daily Loads (TMDL); 6) proposes rules and policy and develops environmental protection criteria; 7) provides analysis to assess the cost effectiveness of environmental programs; 8) finances energy saving retrofits of public buildings and renewable energy systems for homeowners and small businesses; and 9) provides technical assistance and education to builders, homeowners and businesses on energy efficiency and renewable energy, indoor air quality, radon, recycling and solid waste reduction. The division consists of three bureaus: Technical and Financial Assistance, Water Quality Planning, and Air, Energy and Pollution Prevention.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|---------------|---------------|---------------|------------------|------------------|------------------|
| Wastewater/Drinking Water technical assistance efforts completed | 347 | 346 | 454 | 451 | 451 | 451 |
| Source Water Protection projects completed | 524 | 199 | 384 | 400 | 351 | 90 |
| Small Businesses that received assistance | 1,372 | 2,010 | 3,212 | 3,000 | 3,000 | 3,000 |
| Air Quality State Implementation Plans and major projects completed | 10 | 8 | 8 | 8 | N/A | N/A |
| Air sheds and watersheds monitored and assessed For compliance | 434 | 477 | 406 | 316 | 300 | 300 |
| Watershed-level water quality restoration plans completed | 4 | 59 | 140 | 240 | 240 | 240 |
| Stream reassessments completed | 43 | 28 | 164 | 164 | 30 | N/A |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|---------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| FTE | 84.58 | 8.00 | 0.00 | 92.58 | 8.00 | 0.00 | 92.58 |
| Personal Services | 3,580,754 | 909,799 | 0 | 4,490,553 | 908,267 | 0 | 4,489,021 |
| Operating Expenses | 5,718,638 | 3,257,659 | 370,000 | 9,346,297 | 3,263,433 | 370,000 | 9,352,071 |
| Equipment | 89,491 | 2,563 | 0 | 92,054 | 2,563 | 0 | 92,054 |
| Total Costs | \$9,388,883 | \$4,170,021 | \$370,000 | \$13,928,904 | \$4,174,263 | \$370,000 | \$13,933,146 |
| General Fund | 1,614,878 | 949,628 | 0 | 2,564,506 | 951,550 | 0 | 2,566,428 |
| State/Other Special | 643,425 | 312,721 | 0 | 956,146 | 317,457 | 0 | 960,882 |
| Federal Special | 7,130,580 | 2,907,672 | 370,000 | 10,408,252 | 2,905,256 | 370,000 | 10,405,836 |
| Total Funds | \$9,388,883 | \$4,170,021 | \$370,000 | \$13,928,904 | \$4,174,263 | \$370,000 | \$13,933,146 |

Department of Environmental Quality-5301 Planning, Prevention & Assistance.Division-20

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$473,848 | \$22,346 |
| FY07 | \$464,765 | \$16,208 |

PL- 2001 - Water Quality Planning Bureau Operations Adj -

The executive recommends \$473,848 in FY 2006 and \$464,765 in FY 2007 including \$22,346 and \$16,208 general fund each year respectively for operating adjustments to prepare for a more aggressive implementation of the Total Maximum Daily Load (TMDL) program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,800) | (\$13,815) |
| FY07 | \$11,156 | (\$2,662) |

PL- 2002 - Fiscal & Administrative Unit Operations Adj -

Adjustments totaling nearly \$10,000 for the biennium are necessary in the administrative and fiscal unit due to vacancies in the base year that caused the operating budget to be artificially low.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$342,089 | \$1,811 |
| FY07 | \$343,193 | \$1,804 |

PL- 2003 - Technical & Financial Assistance Bureau Operating Adj -

The department requests operating adjustments of \$342,089 in FY 2006 and \$343,193 in FY 2007 including contracted services for technical assistance and capacity development in the public water supply program and increasing workload on the State and Tribal Agreement Grant (STAG). The general fund portion is about \$1,800 each year and the remainder is state special and federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$518,557 | \$34,754 |
| FY07 | \$517,325 | \$33,584 |

PL- 2004 - Air Energy & Pollution Prevention Bureau Operating Adj -

The executive recommends \$518,557 in FY 2006 and \$517,325 in FY 2007 for operating adjustments in the Air Energy and Pollution Prevention Bureau. Federal funds were held up by late appropriations from Congress and changes in the processing centers for the federal funds. This delayed the start time for projects funded with these funds by nine months and therefore base expenditures were artificially low. The request is made up of \$34,754 general fund, \$161,892 state special revenue, and \$321,911 federal special revenue in FY 2006 and \$33,584 general fund, \$163,049 state special revenue, and \$320,692 federal special revenue in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,063,584 | \$630,705 |
| FY07 | \$2,062,365 | \$629,486 |

PL- 2007 - Water Quality Monitoring TMDL Completion -

The department requests 9.00 FTE each year and \$630,705 general fund and \$1,432,879 federal funds in FY 2006 and \$629,486 general fund and \$1,432,879 of federal funds in FY 2007. This recommendation is needed in order to comply with legal commitments and to increase the current pace and efficiency of Total Maximum Daily Load (TMDL) development. As part of ongoing negotiations with the courts, the program has committed to completing all 1996 water body reassessments, and full TMDL development for eight western watersheds by 2007. Also as part of these negotiations, the department has committed to a very stringent schedule that would enable the program to complete all remaining necessary TMDLs by 2012.

Department of Environmental Quality-5301 **Planning, Prevention & Assistance.Division-20**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$25,000 |
| FY07 | \$25,000 | \$25,000 |

PL- 2019 - Database Maintenance Costs-OTO-

This one-time-only budget request includes \$25,000 general fund each fiscal year for the design and development of software and associated operating costs. This system would be used by agency staff for Sufficient Credible Data/Beneficial Use Determination SCD/BUD tasks and a secured version would be made available for public viewing to satisfy federal Clean Water Act reporting requirements

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$41,862) | (\$41,862) |
| FY07 | (\$41,862) | (\$41,862) |

PL- 2021 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.00 FTE and nearly \$42,000 general fund per year are removed from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$165,000 | \$165,000 |
| FY07 | \$165,000 | \$165,000 |

PL- 2022 - Water Quality Monitoring TMDL Completion-OTO -

This one-time-only request for \$165,000 general fund each fiscal year would support two one-time database development and enhancement projects, which would enhance data use entry and retrieval. This funding request is necessary to carry all future TMDL projects to successful completion.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$40,000 | \$0 |
| FY07 | \$40,000 | \$0 |

NP- 2012 - BLM Funding for Water Quality Monitoring -

The executive recommends \$40,000 federal special revenue each year to administer a Memorandum of Understanding with the Bureau of Land Management (BLM) to provide information regarding water quality on public lands managed by BLM.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$330,000 | \$0 |
| FY07 | \$330,000 | \$0 |

NP- 2016 - Wetlands Grants Authority -

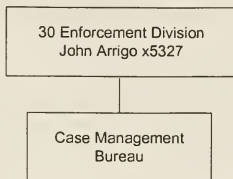
The department requests \$330,000 federal special revenue each fiscal year to restore base level funding for the artificially low base caused by the federal wetland grants being received late in the fiscal year.

Language Recommendations –

"The department is authorized to decrease federal special revenue money in the water pollution control and/or drinking water revolving loan programs and increase state special revenue money by a like amount within the special administration account when the amount of federal capitalization funds have been expended or federal funds and bond proceeds will be used for other program purposes."

Department of Environmental Quality-5301

Enforcement Division-30



Program Description - The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. A citizen complaint clearinghouse and information tracking system is maintained by the division. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Enforcement cases | 297 | 355 | 334 | 375 | 350 | 350 |
| Complaints | 1,011 | 948 | 908 | 1,050 | 1,000 | 1,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 14.00 | 0.00 | 0.00 | 14.00 | 0.00 | 0.00 | 14.00 |
| Personal Services | 659,987 | 33,612 | 0 | 693,599 | 33,842 | 0 | 693,829 |
| Operating Expenses | 270,729 | 44,484 | 0 | 315,213 | 47,640 | 0 | 318,369 |
| Total Costs | \$930,716 | \$78,096 | \$0 | \$1,008,812 | \$81,482 | \$0 | \$1,012,198 |
| General Fund | 370,865 | 29,307 | 0 | 400,172 | 30,627 | 0 | 401,492 |
| State/Other Special | 148,722 | 102,620 | 0 | 251,342 | 103,509 | 0 | 252,231 |
| Federal Special | 411,129 | (53,831) | 0 | 357,298 | (52,654) | 0 | 358,475 |
| Total Funds | \$930,716 | \$78,096 | \$0 | \$1,008,812 | \$81,482 | \$0 | \$1,012,198 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$36,855 | \$14,761 |
| FY07 | \$39,581 | \$15,853 |

PL- 3001 - Enforcement Operations Adjustment -

The executive recommends \$36,855 in FY 2006 and \$39,581 in FY 2007 for operating adjustments for lab analysis, in-state travel, IT consulting, and indirect and printing costs. Over the 2007 biennium, the request includes \$30,614 of general fund.

**Department of Environmental Quality-5301
Enforcement Division-30**

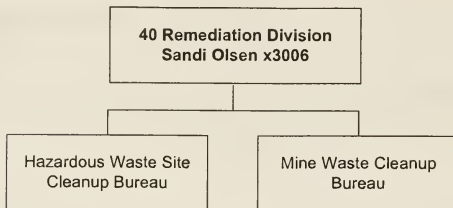
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,730 | \$0 |
| FY07 | \$4,820 | \$0 |

PL- 3002 - Enforcement Vehicle Lease -

The budget includes \$4,730 in FY 2006 and \$4,820 in FY 2007 state special revenue for a leased vehicle to replace a department owned 1991 Blazer that is no longer reliable and has high mileage.

Department of Environmental Quality-5301

Remediation Division-40



Program Description - The Remediation Division protects human health and the environment by preventing exposure to hazardous substances that have been released to soil, sediment, surface water or groundwater. The division also ensures compliance with state and federal regulations. It oversees and conducts investigation and cleanup activities at state and federal Superfund sites; voluntary cleanup activities; reclaims abandoned mine lands; implements corrective actions at sites with leaking underground storage tanks; and oversees groundwater remediation at sites where improper placement of wastes has caused groundwater contamination. This division is divided into two bureaus. The Hazardous Waste Site Cleanup Bureau (HWSCB) oversees or conducts the investigation and cleanup of sites contaminated by chemical spills, hazardous substances and petroleum released by industrial and commercial operations other than mining. The bureau works with the Petroleum Tank Release Compensation Board for eligibility and reimbursement determinations and provides grants to local governments for compliance assistance. The Mine Waste Cleanup Bureau (MWCB) is responsible for administering and overseeing remedial actions at historical mine sites, abandoned mines, ore-transport and processing facilities. It also oversees the provisions of the federal Comprehensive Environmental Response and Liability Act (CERCLA or federal Superfund program).

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Active Sites | 1,220 | 1,284 | 1,294 | 1,328 | 1,346 | 1,348 |
| Inactive Sites | 546 | 4,862 | 4,929 | 4,897 | 4,883 | 4,883 |
| Site Activities | 281 | 350 | 280 | 369 | 361 | 353 |
| Sites Closed/de-listed | 64 | 91 | 75 | 82 | 82 | 82 |
| Cost Recovery Invoices | 61 | 71 | 75 | 69 | 69 | 69 |
| Costs Recovered | \$429,933 | \$470,199 | \$787,325 | \$580,000 | \$580,000 | \$580,000 |
| Contracts (#) | 122 | 116 | 149 | 129 | 129 | 129 |
| Contract Costs | \$4,788,074 | \$5,529,896 | \$4,964,575 | \$5,094,182 | \$5,094,182 | \$5,094,182 |
| Public Meetings | 23 | 25 | 27 | 42 | 44 | 43 |
| Public Comment Periods | 2 | 5 | 10 | 22 | 19 | 21 |

Department of Environmental Quality-5301

Remediation Division-40

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 63.75 | (2.00) | 0.00 | 61.75 | (2.00) | 0.00 | 61.75 |
| Personal Services | 2,606,998 | 407,696 | 0 | 3,014,694 | 407,499 | 0 | 3,014,497 |
| Operating Expenses | 5,090,874 | 3,750,083 | 4,409,326 | 13,250,283 | 2,999,202 | 2,950,000 | 11,040,076 |
| Benefits & Claims | 0 | 4,100,000 | 0 | 4,100,000 | 0 | 0 | 0 |
| Total Costs | \$7,697,872 | \$8,257,779 | \$4,409,326 | \$20,364,977 | \$3,406,701 | \$2,950,000 | \$14,054,573 |
| State/Other Special | 2,096,708 | 4,775,081 | 2,200,000 | 9,071,789 | 374,877 | 2,000,000 | 4,471,585 |
| Federal Special | 5,601,164 | 3,482,698 | 2,209,326 | 11,293,188 | 3,031,824 | 950,000 | 9,582,988 |
| Total Funds | \$7,697,872 | \$8,257,779 | \$4,409,326 | \$20,364,977 | \$3,406,701 | \$2,950,000 | \$14,054,573 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,962 | \$0 |
| FY07 | \$54,507 | \$0 |

PL- 4001 - Hazardous Waste Cleanup Operations Adjustment -

The executive recommends state special revenue of \$100,962 in FY 2006 and \$54,507 in FY 2007 for operational adjustments of the petroleum release section and the site response section for continued administration of petroleum and state superfund cleanup activities as well as increased authority for agriculture monitoring in contracted services.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$29,874) | \$0 |
| FY07 | (\$29,874) | \$0 |

PL- 4002 - Mine Waste Cleanup Operations Adjustment -

The budget includes operating budget federal fund reductions of \$29,874 in FY 2006 and \$29,874 in FY 2007 in the Mine Waste Cleanup program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$21,457 | \$0 |
| FY07 | \$21,046 | \$0 |

PL- 4003 - Fiscal & Administrative Operations Adjustment -

The executive recommends \$21,457 in FY 2006 and \$21,046 in FY 2007 federal special revenue for operational adjustments in the Fiscal and Administrative section including contracted and temporary services and training.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$107,069) | \$0 |
| FY07 | (\$107,388) | \$0 |

PL- 4004 - Technical Services Operations Adjustment -

The budget includes a federal funds reduction of 2.00 FTE each year and \$107,069 in FY 2006 and \$107,388 in FY 2007 due to an internal agency reorganization where two information technology positions were moved from the Remediation Division to the Central Management Division.

Department of Environmental Quality-5301

Remediation Division-40

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$250,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 4006 - Hazardous Waste Cleanup EQPF Biennial Authority -

The executive recommends a \$250,000 state special revenue biennial appropriation to continue contracted services support for cost recovery litigation in the Environmental Quality Protection Fund (EQPF). These expenses, as well as remedial costs, would be recovered when litigation is complete.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,900,000 | \$0 |
| FY07 | \$2,900,000 | \$0 |

PL- 4008 - Mine Waste & Abandoned Mine Land Authority -

The executive recommends \$2.9 million federal special revenue each fiscal year of the 2007 biennium to continue contracted services support for cost recovery litigation in the Environmental Quality Protection Fund (EQPF). These expenses, as well as remedial costs, would be recovered when litigation is complete. This authority will be used to procure contracted services under the federal agreement, which will in turn positively impact the local economy.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$400,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 4009 - Lockwood Biennial Authority-Base -

The executive recommends this \$400,000 biennial appropriation of federal authority to continue as technical lead after the Record of Decision (ROD) has been issued for the Lockwood project. The department will continue the monitoring/sampling program. After the consent decree is complete, DEQ will then provide oversight and technical expertise for the remedial design and action.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,100,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 4010 - Orphan Share Biennial Authority Operating Adj. -

The budget includes a \$4.1 million state special revenue biennial appropriation to reimburse the orphan share account for eligible remedial action costs from contaminated sites and to defend the orphan share during the liability allocation process.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$55,555 | \$0 |
| FY07 | \$0 | \$0 |

PL- 4011 - Ustfields OTO -

The executive recommends a one-time-only appropriation of \$5,555 state special revenue and \$50,000 federal special revenue in FY 2006 to be used by the Hazardous Waste Cleanup Bureau to clean up abandoned sites contaminated with petroleum in order to create opportunities for redevelopment as well as to protect human health and the environment.

**Department of Environmental Quality-5301
Remediation Division-40**

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$950,000 | \$0 |
| FY07 | \$950,000 | \$0 |

NP- 4005 - Brownsfields Grant Authority -

The executive recommends \$950,000 federal special revenue each year of the 2007 biennium for the division's federal Brownsfields grant which is part of a recently adopted federal grant program geared at increasing opportunities for development and reuse of contaminated sites.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$200,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 4007 - Lust Cost Recovery Biennial Authority -

The department requests a \$200,000 state special revenue biennial appropriation for the Petroleum Release Section which is required to recover federal grant funds expended in the cleanup of contamination from certain federally defined underground storage tanks. Under Leaking Underground Storage Tank (LUST) federal law, any state-recovered monies must continue to be used for cleanup of other sites also meeting these site definitions.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,259,326 | \$0 |
| FY07 | \$0 | \$0 |

NP- 4012 - Libby Asbestos Troy Biennial Authority -

The executive recommends \$1,259,326 federal special revenue as a biennial appropriation for site investigation at the Libby Troy Asbestos site. Federal funding will begin in FY 2005. The investigation is planned for completion in three years.

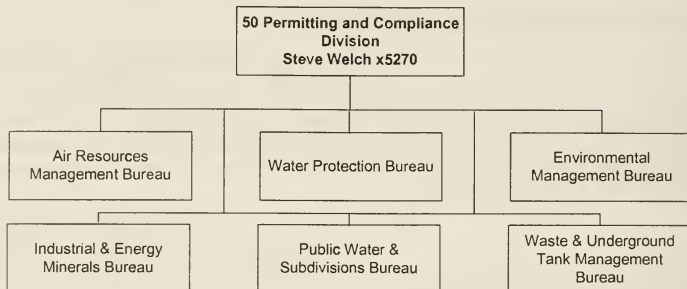
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,000,000 | \$0 |
| FY07 | \$2,000,000 | \$0 |

NP- 4013 - CERCLA Bond Sales -

The executive recommends \$4 million state special revenue over the biennium to spend bond proceeds from CERCLA bonds sold under the authority found in 75-10-623, MCA. These expenditures would support state obligations at the Libby/Troy, Basin/10-Mile, and East Helena national priority list sites in Montana. The revenue stream for repayment of these bonds is defined under 17-2-102, MCA.

Department of Environmental Quality-5301

Permitting & Compliance Division-50



Program Description - The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, and when necessary recommends formal enforcement actions to the Enforcement Division. Activities are organized in the Air Resources Management Bureau (air); Industrial and Energy Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply and subdivision); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks).

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Permits | 3,819 | 5,047 | 5,192 | 6,245 | 6,607 | 6,951 |
| Inspections | 3,158 | 2,731 | 2,785 | 3,532 | 3,888 | 4,165 |
| Environmental assessments | 1,935 | 1,916 | 2,135 | 2,30 | 2,701 | 2,972 |
| Bond releases | 351 | 230 | 186 | 179 | 220 | 295 |
| Violations | 2,788 | 2,888 | 3,338 | 3,655 | 3,806 | 4,150 |
| Air quality implementation plans and major projects | | | | 8 | 8 | 8 |

Department of Environmental Quality-5301

Permitting & Compliance Division-50

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 175.70 | 10.75 | 2.75 | 189.20 | 10.75 | 2.75 | 189.20 |
| Personal Services | 8,095,403 | 1,036,182 | 110,506 | 9,242,091 | 1,014,872 | 110,208 | 9,220,483 |
| Operating Expenses | 12,236,964 | 28,382,778 | 72,859 | 40,692,601 | (5,637,641) | (111,541) | 6,487,782 |
| Equipment | 12,621 | 0 | 0 | 12,621 | 0 | 0 | 12,621 |
| Grants | 1,457,581 | 316,599 | 0 | 1,774,180 | 431,998 | 0 | 1,889,579 |
| Total Costs | \$21,802,569 | \$29,735,559 | \$183,365 | \$51,721,493 | (\$4,190,771) | (\$1,333) | \$17,610,465 |
| General Fund | 814,615 | 14,059 | 0 | 828,674 | 15,586 | 0 | 830,201 |
| State/Other Special | 13,858,251 | 27,564,043 | 169,101 | 41,591,395 | (2,315,862) | 159,563 | 11,701,952 |
| Federal Special | 7,129,703 | 2,157,457 | 14,264 | 9,301,424 | (1,890,495) | (160,896) | 5,078,312 |
| Total Funds | \$21,802,569 | \$29,735,559 | \$183,365 | \$51,721,493 | (\$4,190,771) | (\$1,333) | \$17,610,465 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$90,130 | \$1,803 |
| FY07 | \$96,768 | \$1,935 |

PL- 5001 - Air Operating Adjustment -

The executive recommends \$90,130 in FY 2006 and \$96,768 in FY 2007 for operating adjustments in the 2007 biennium including overtime and agency indirects. The request included \$1,803 general fund, \$78,413 state special revenue, and \$9,914 federal special revenue in FY 2006 and \$1,935 general fund, \$84,188 state special revenue, and \$10,645 federal special revenue in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$126,306 | \$4,171 |
| FY07 | \$73,188 | \$3,316 |

PL- 5002 - Industrial & Energy Minerals Bur. Operating Adjustments -

The budget includes \$126,306 in FY 2006 and \$73,188 in FY 2007 including \$7,487 general fund for the biennium for operating adjustments in the industrial and energy minerals bureau to bring personal desktop GIS projects into a centralized and manageable system or format. This would create a better foundation for future development of the GIS projects the department has initiated and implemented for permitting, impact analysis, and bond release.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$51,758 | \$17,080 |
| FY07 | \$54,980 | \$18,143 |

PL- 5003 - Environmental Mgmt Bureau Admin Operating Adj -

This request includes \$17,080 general fund and \$34,678 state and federal special revenue in FY 2006 and \$18,143 general fund and \$36,837 state and federal special revenue in FY 2007 for operating adjustments to pay for increased costs for assistance on environmental assessment contracts, lab analysis, printing, supplies, and travel needed to carry out the work.

Department of Environmental Quality-5301 **Permitting & Compliance Division-50**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$26,446,643 | \$0 |
| FY07 | (\$7,101,441) | \$0 |

PL- 5004 - Hard Rock and MFSA Projects Operating Adjustments -

The executive recommends \$26,446,643 state and federal special revenue in FY 2006 as a restricted biennial appropriation and a \$7,101,441 reduction of state and federal special revenue in FY 2007 for projects administered by the hard rock and major facilities sitting act (MSFA) programs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$534,411 | \$0 |
| FY07 | \$548,449 | \$0 |

PL- 5005 - Public Water & Subdivisions Operations Adjustment -

The department requests \$534,411 in FY 2006 and \$548,449 in FY 2007 including both state and federal special revenue for operational adjustments in the Public Water and Subdivision Bureau. The bureau is in the process of converting operator certification testing and study materials to nationally accepted standards for operators of public water systems and this reflects the costs of this conversion as well as other operating adjustments.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$59,037 | \$2,210 |
| FY07 | \$63,508 | \$2,395 |

PL- 5006 - Water Protection Bureau Operating Adjustment -

The executive recommends \$59,037 in FY 2006 and \$63,508 in FY 2007 for operational adjustments in the Water Protection Bureau analytical costs, travel, and indirect costs due to vacancies and overtime costs. The request includes approximately \$4,600 general fund over the biennium and the remainder is state and federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,000 | \$0 |
| FY07 | \$5,000 | \$0 |

PL- 5007 - PCD Administration Operating Adjustment -

The department requests \$5,000 state special revenue each fiscal year of the 2007 biennium for contracted services, travel and supplies for the division.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$181,481 | \$1,069 |
| FY07 | \$188,345 | \$1,407 |

PL- 5008 - Waste & Underground Tank Mgmt Operating Adj -

The executive recommends \$181,481 in FY 2006 and \$188,345 in FY 2007 for operating adjustments in the solid waste, asbestos, and junk vehicle programs. Additionally, a significant increase of funding is requested each year for the reimbursement of the hired hauling cost for the removal of abandoned vehicles. The request includes nearly \$2,500 general fund for the biennium and the remainder is state special and federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$371,702 | \$0 |
| FY07 | \$342,079 | \$0 |

PL- 5010 - Water Protection Bureau Wastewater Permitting -

This state special revenue budget request includes the addition of 5.00 FTE and \$371,702 in FY 2006 and \$342,079 in FY 2007 which will allow for more timely permit processing while maintaining core duty performance (inspections, technical assistance, response to complaints, public involvement processing, rulemaking).

Department of Environmental Quality-5301 **Permitting & Compliance Division-50**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$401,137 | \$0 |
| FY07 | \$362,113 | \$0 |

PL- 5011 - Air Permitting of Oil and Gas Production -

The executive recommends 3.00 FTE each year and \$401,137 in FY 2006 and \$362,113 in FY 2007 state special revenue for anticipated significant increase in permit applications from facilities in the oil and gas industry. The department, along with other states in the intermountain west, has determined that there is a significant number of existing emission sources associated with oil and gas wells operating without air quality permits as required under current law. Approximately 900 facilities are expected to submit applications to obtain air quality permits in the first year of the next biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 5013 - Air Quality Research Technical Study-OTO -

The budget includes a \$50,000 one-time-only federal funds appropriation in FY 2006 to conduct emission sampling and analysis to establish unique PM-2.5 emission "fingerprints" for PM-2.5 sources in the Libby area. PM-2.5 is a fine particulate standard adopted several years ago by the EPA.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$141,257 | \$0 |
| FY07 | \$132,135 | \$0 |

PL- 5015 - Public Water Supply & Subdivision FTE -

The department requests 2.75 FTE and state and federal special revenue of \$141,257 in FY 2006 and \$132,135 in FY 2007 to increase the programs ability to perform timely engineering plan reviews and on-site inspections, to assist EPA rule managers, to perform sanitary surveys, and to provide technical assistance for design engineers submitting review material. The positions will help to speed up plan review processing time which is currently at or exceeding the 60 day review period and would free up time for all plan review engineers to offer pre-application meetings with water system design consultants, owners, and operators.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$316,599 | \$0 |
| FY07 | \$431,998 | \$0 |

PL- 5016 - Increase Grants to Counties -

The executive recommends \$316,599 in FY 2006 and \$431,998 in FY 2007 state special revenue to increase grant authority to counties for the subdivision and junk vehicle programs. There are more counties contracting with the state for subdivision reviews and increased numbers of vehicles being registered in Montana each year, causing larger grant amounts to counties.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,932 | \$0 |
| FY07 | \$5,022 | \$0 |

PL- 5018 - Permitting & Compliance Division - Vehicles -

The executive recommends \$4,932 in FY 2006 and \$5,022 in FY 2007 of state special revenue for one leased vehicle from the state Motor Pool.

Department of Environmental Quality-5301 Permitting & Compliance Division-50

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$150,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 5024 - Permitting & Compliance Division Data Management-RST/OTO-

The budget includes a \$150,000 state special revenue one-time-only and restricted appropriation for FY 2006 to continue data development projects currently in place and for maintenance of data management systems already in place. Projects being developed are for air, hard rock, and open cut programs. Funding for maintenance are in the junk vehicle, solid waste, underground storage tank, and water discharge programs

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$200,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 5025 - Subdivision Training & Review-RST/OTO -

The executive recommends this \$200,000 restricted, one-time-only, and biennial appropriation to provide training to realtors, developers, consultants, engineers, and county officials on the procedures of subdivision design and review under the requirements of the Sanitation in Subdivisions Act and to allow for contracting with an outside entity to assist in subdivision plan reviews should there be a significant increase.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$175,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 5020 - Hazardous Waste - Brownsfield Biennial Authority -

The department requests a \$175,000 biennial appropriation federal special revenue to continue contracted technical assistance for the review of contaminated site redevelopment proposals. The purpose of the federal grant is to encourage the reuse and redevelopment of contaminated properties as commercial or industrial sites.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$180,665 | \$0 |
| FY07 | \$170,967 | \$0 |

NP- 5022 - Opencut Additional Staff -

The executive recommends state and federal special revenue of \$180,665 in FY 2006 and \$170,967 in FY 2007 for 2.75 FTE for the open cut reclamation program. The positions and associated costs are needed to allow the program to adequately deal with the expected continuation of high numbers of new permit applications for sand and gravel mines. The growth of suburban areas in Gallatin, Ravalli, Missoula, Lewis and Clark, Flathead, and Yellowstone counties and a steady high rate of federal highway construction funding is fueling this increase.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$172,300) | \$0 |
| FY07 | (\$172,300) | \$0 |

NP- 5026 - RHODIA Settlement -

A reduction of \$172,300 each year of the 2007 biennium is included in the budget as the federal funds are being replaced with non-appropriated private funds received from the Rhodia settlement.

Department of Environmental Quality-5301

Petroleum Tank Release Compensation Board-90

90 Petroleum Tank Release
Compensation Board
Terry Wadsworth x5092

Program Description - The Petroleum Tank Release Compensation Board is responsible for administering the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board is responsible for responding to and working with private individuals, corporations, other state agencies, the Governor's office, the legislature, federal agencies, and other interested parties with activities relative to petroleum storage tanks. It has a staff of 6.00 FTE and also funds 15.50 FTE within DEQ. It is attached to the DEQ for administrative purposes.

| Program Indicators - | | | | | | |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
| Claims received | 1,665 | 1,577 | 1,589 | 1,650 | 1,650 | 1,650 |
| Claim costs received (in thousands) | 4,739 | 3,625 | 4,438 | 4,500 | 4,500 | 4,000 |
| Corrective Action Plans reviewed | 221 | 357 | 282 | 275 | 275 | 275 |
| Plan costs received (in thousands) | 2,741 | 5,634 | 4,827 | 4,500 | 4,500 | 4,500 |
| Net value of claims reimbursed (in thousands) | 5,306 | 3,102 | 3,981 | 4,000 | 4,000 | 4,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 6.00 | 0.00 | 0.00 | 6.00 | 0.00 | 0.00 | 6.00 |
| Personal Services | 191,869 | 76,369 | 0 | 268,238 | 75,693 | 0 | 267,562 |
| Operating Expenses | 243,292 | 82,268 | 0 | 325,560 | 82,405 | 0 | 325,697 |
| Total Costs | \$435,161 | \$158,637 | \$0 | \$593,798 | \$158,098 | \$0 | \$593,259 |
| State/Other Special | 435,161 | 158,637 | 0 | 593,798 | 158,098 | 0 | 593,259 |
| Total Funds | \$435,161 | \$158,637 | \$0 | \$593,798 | \$158,098 | \$0 | \$593,259 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$70,000 | \$0 |
| FY07 | \$70,000 | \$0 |

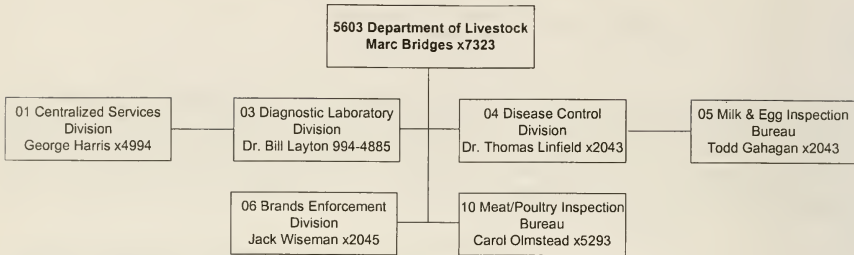
PL- 9001 - Petroleum Board Operating Adjustment -

The executive recommends \$70,000 state special revenue each fiscal year of the 2007 biennium for increased legal activity associated with claim subrogation.

Language Recommendations –

"The department is authorized to expend up to 25 percent of subrogated petroleum tank release compensation funds to pay contract expenses associated with release subrogation activities. Expenditure of these funds is limited to the fee charged for collection."

Department Of Livestock-5603



Mission Statement - The mission of the Department of Livestock is to control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

Statutory Authority - Title 81, MCA

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 145.49 | (11.50) | 1.00 | 134.99 | (11.50) | 1.00 | 134.99 |
| Personal Services | 5,372,423 | 257,062 | 29,838 | 5,659,323 | 251,771 | 29,768 | 5,653,962 |
| Operating Expenses | 1,924,622 | 383,925 | 6,270 | 2,314,817 | 356,838 | 4,120 | 2,285,580 |
| Equipment | 129,713 | (14,850) | 0 | 114,863 | 43,350 | 0 | 173,063 |
| Total Costs | \$7,426,758 | \$626,137 | \$36,108 | \$8,089,003 | \$651,959 | \$33,888 | \$8,112,605 |
| General Fund | 521,303 | 12,957 | 18,054 | 552,314 | 12,151 | 16,944 | 550,398 |
| State/Other Special | 5,627,536 | 444,028 | 0 | 6,071,564 | 472,149 | 0 | 6,099,685 |
| Federal Special | 1,277,919 | 169,152 | 18,054 | 1,465,125 | 167,659 | 16,944 | 1,462,522 |
| Total Funds | \$7,426,758 | \$626,137 | \$36,108 | \$8,089,003 | \$651,959 | \$33,888 | \$8,112,605 |

Department Of Livestock-5603 **Centralized Services Program-01**

Program Description - The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, and general services functions for the department. The division also provides the overall management of the Milk Control Bureau. The Predator Control Program is administered by the Board of Livestock and the executive officer. Although the board placed the predator function in this division during the 2003 biennium, all functions remain unchanged, including the two aircraft and the contract with U.S. Department of Agriculture Wildlife Services. Through helicopter hunting and contracts, predators that kill or injure domestic livestock, primarily coyotes, are controlled.

The Livestock Crimestoppers' Commission and the Beef Research and Marketing Committee are administratively attached. The 57th Legislature moved the Board of Horse Racing to the Department of Livestock. This board and its staff report directly to the executive officer.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 23.28 | (3.50) | 0.00 | 19.78 | (3.50) | 0.00 | 19.78 |
| Personal Services | 822,944 | 53,823 | 0 | 876,767 | 53,458 | 0 | 876,402 |
| Operating Expenses | 697,064 | 65,832 | 0 | 762,896 | 36,651 | 0 | 733,715 |
| Total Costs | \$1,520,008 | \$119,655 | \$0 | \$1,639,663 | \$90,109 | \$0 | \$1,610,117 |
| State/Other Special | 1,454,977 | 119,655 | 0 | 1,574,632 | 90,109 | 0 | 1,545,086 |
| Federal Special | 65,031 | 0 | 0 | 65,031 | 0 | 0 | 65,031 |
| Total Funds | \$1,520,008 | \$119,655 | \$0 | \$1,639,663 | \$90,109 | \$0 | \$1,610,117 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$12,730 | \$0 |
| FY07 | \$12,730 | \$0 |

PL- 1 - Information Technology Departmental Equipment -

The executive recommends the replacement of 10 personal computers each year of the 2007 biennium at a cost of \$1,273 each. Due to revenue shortfalls and the inability to purchase equipment in the base year this recommendation is an increase over the base. The computers will be purchased with state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$129,839) | \$0 |
| FY07 | (\$130,408) | \$0 |

PL- 2 - FTE Reduction - Centralized Services Division -

The budget includes the reduction of 3.00 FTE in the Centralized Services Division due to a reduction in per capita fee revenue. Total savings are approximately \$130,000 state special revenue per year.

Department Of Livestock-5603 Centralized Services Program-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,550 | \$0 |
| FY07 | \$8,550 | \$0 |

PL- 104 - Board of Livestock - Per Diem -

The executive recommends \$8,550 state special revenue each of the 2007 biennium for per diem paid to the members of the Board of Livestock.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,629 | \$0 |
| FY07 | \$4,888 | \$0 |

PL- 105 - Board of Horse Racing - Office Rent -

This request includes state special revenue funding of \$9,517 for the biennium for a rent increase, per diem, travel, and a transfer from personal services to contracted services. The Board of Horseracing Executive Secretary position is reduced by 0.50 FTE and the responsibilities will be accomplished through contracted services.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,204 | \$0 |
| FY07 | \$3,204 | \$0 |

PL- 106 - Out of State Travel-CSD -

The executive recommends an increase of \$3,204 state special revenue each fiscal year of the 2007 biennium above the base year for out of state travel so the board can perform it's duties.

Department Of Livestock-5603

Diagnostic Laboratory Program-03

**03 Diagnostic Laboratory
Division**
Dr. Bill Layton 994-4885

Program Description - The Diagnostic Laboratory provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks and other agencies in protecting the health of animals, wildlife and the public.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 21.00 | (0.50) | 0.00 | 20.50 | (0.50) | 0.00 | 20.50 |
| Personal Services | 841,232 | 80,312 | 0 | 921,544 | 78,920 | 0 | 920,152 |
| Operating Expenses | 358,119 | 25,044 | 0 | 383,163 | 29,717 | 0 | 387,836 |
| Equipment | 66,850 | (66,850) | 0 | 0 | (60,650) | 0 | 6,200 |
| Total Costs | \$1,266,201 | \$38,506 | \$0 | \$1,304,707 | \$47,987 | \$0 | \$1,314,188 |
| General Fund | 91,911 | 0 | 0 | 91,911 | 0 | 0 | 91,911 |
| State/Other Special | 1,174,290 | 38,506 | 0 | 1,212,796 | 47,987 | 0 | 1,222,277 |
| Total Funds | \$1,266,201 | \$38,506 | \$0 | \$1,304,707 | \$47,987 | \$0 | \$1,314,188 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$28,350) | \$0 |
| FY07 | (\$22,150) | \$0 |

PL- 301 - Diagnostic Lab Equipment -

The Diagnostic Lab is aligning its equipment budget with anticipated equipment purchase needs. The budget request is a decrease in state special revenue of \$28,350 in FY 2006 and \$22,150 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$18,289) | \$0 |
| FY07 | (\$18,403) | \$0 |

PL- 302 - FTE Reduction - Diagnostic Laboratory -

The budget includes the reduction of 0.50 FTE in the Diagnostic Laboratory due to a reduction in per capita fee revenue. Total savings are just over \$18,000 per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$19,561 | \$0 |
| FY07 | \$24,846 | \$0 |

PL- 304 - Lab Recharges - MSU Facilities Management -

The executive recommends the approval of the operating charges being requested by the Montana State University (MSU) where the departments Diagnostic Laboratory is located in Bozeman. MSU will bill the lab an additional \$45,000 over the 2007 biennium for labor, maintenance and other costs.

Department Of Livestock-5603
Diagnostic Laboratory Program-03

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,082 | \$0 |
| FY07 | \$3,082 | \$0 |

PL- 306 - Out of State Travel -Lab -

The Diagnostic Lab requests \$3,082 state special revenue each year of the biennium for lab personnel to travel out of state so they can be informed on vital issues.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$38,500) | \$0 |
| FY07 | (\$38,500) | \$0 |

PL- 307 - Reduction - Milk Lab Equipment -

In the base year, a piece of milk lab equipment costing \$38,500 was procured. This item is not necessary for FY 2006 or FY 2007, therefore the state special revenue funding is being removed from the program base budget.

Department Of Livestock-5603 **Animal Health Division-04**

04 Animal Health Division
Dr. Thomas Linfield
x2043

Program Description - The Animal Health Division provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the Departments of Public Health and Human Services, Fish, Wildlife and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects public health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 17.00 | (3.00) | 0.00 | 14.00 | (3.00) | 0.00 | 14.00 |
| Personal Services | 546,639 | 80,050 | 0 | 626,689 | 78,931 | 0 | 625,570 |
| Operating Expenses | 416,083 | 267,913 | 0 | 683,996 | 267,587 | 0 | 683,670 |
| Equipment | 62,863 | 0 | 0 | 62,863 | 26,000 | 0 | 88,863 |
| Total Costs | \$1,025,585 | \$347,963 | \$0 | \$1,373,548 | \$372,518 | \$0 | \$1,398,103 |
| State/Other Special | 274,981 | 201,064 | 0 | 476,045 | 225,619 | 0 | 500,600 |
| Federal Special | 750,604 | 146,899 | 0 | 897,503 | 146,899 | 0 | 897,503 |
| Total Funds | \$1,025,585 | \$347,963 | \$0 | \$1,373,548 | \$372,518 | \$0 | \$1,398,103 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$26,000 | \$0 |

PL- 401 - Animal Health-Vehicle Replacement-OTO -

The Animal Health Division requests to purchase an extended cab pickup in FY 2007. This one-time-only request for a livestock investigator vehicle is \$26,000 state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$90,446) | \$0 |
| FY07 | (\$90,814) | \$0 |

PL- 402 - FTE Reduction - Animal Health Division -

The budget includes the reduction of 2.00 FTE in the Animal Health Division due to a reduction in per capita fee revenue. Total savings are just over \$90,000 per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 403 - FTE Reduction - Bison Management -

This request reduces 1.00 FTE from Animal Health Investigation and moves approximately \$37,900 federal funds from personal services to contracted services for the Animal Health Bison Management section.

Department Of Livestock-5603
Animal Health Division-04

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,005 | \$0 |
| FY07 | \$4,005 | \$0 |

PL- 404 - Out of State Travel- Animal Health -

The Board of Livestock requests \$4,005 state special revenue each year of the 2007 biennium for out of state travel in the Animal Health Division.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$225,917 | \$0 |
| FY07 | \$225,669 | \$0 |

PL- 405 - Bison Management - Federal Funds -

The executive recommends approval of just under \$226,000 federal funds each year for the department to continue the work agreed to in the Bison Operational Cooperative Agreement with the USDAA/APHIS.

Department Of Livestock-5603 **Milk & Egg Program-05**

**05 Milk & Egg
Inspection**
Todd Gahagan x2043

Program Description - The Milk and Egg Inspection program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 237,557 | 4,738 | 0 | 242,295 | 5,133 | 0 | 242,690 |
| Operating Expenses | 33,847 | 10,635 | 0 | 44,482 | 10,635 | 0 | 44,482 |
| Equipment | 0 | 0 | 0 | 0 | 26,000 | 0 | 26,000 |
| Total Costs | \$271,404 | \$15,373 | \$0 | \$286,777 | \$41,768 | \$0 | \$313,172 |
| State/Other Special | 239,199 | 6,077 | 0 | 245,276 | 32,472 | 0 | 271,671 |
| Federal Special | 32,205 | 9,296 | 0 | 41,501 | 9,296 | 0 | 41,501 |
| Total Funds | \$271,404 | \$15,373 | \$0 | \$286,777 | \$41,768 | \$0 | \$313,172 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$26,000 | \$0 |

PL- 501 - Vehicle Replacement-Milk & Egg Bureau -

The executive recommends the purchase of a pick-up in FY 2007 for the Milk and Egg Bureau. The current agency owned 4 x 4 extended cab will reach 125,000 miles in that year and is projected to cost \$26,000 state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,500 | \$0 |
| FY07 | \$7,500 | \$0 |

PL- 502 - Milk and Egg Bureau - Shell Egg Fed Funds -

The budget includes increased federal funding of \$7,500 each year of the 2007 biennium to fund milk and egg inspections through out Montana.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,135 | \$0 |
| FY07 | \$3,135 | \$0 |

PL- 503 - Out of State Travel - Milk and Egg Inspection -

The executive recommends out of state travel for Milk and Egg sanitarians to attend national conferences so they can maintain certification, to receive training to improve their inspection processes, to review new regulations that have been adopted. Travel and training costs are estimated at \$3,135 state special revenue each year of the 2007 biennium.

Department Of Livestock-5603

Brands Enforcement Division-06

**06 Brands Enforcement
Division**
 Jack Wiseman x2045

Program Description - The Brands Enforcement Division is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 61.71 | (4.50) | 0.00 | 57.21 | (4.50) | 0.00 | 57.21 |
| Personal Services | 2,253,448 | 24,244 | 0 | 2,277,692 | 21,354 | 0 | 2,274,802 |
| Operating Expenses | 224,166 | 2,482 | 0 | 226,648 | 2,608 | 0 | 226,774 |
| Equipment | 0 | 52,000 | 0 | 52,000 | 52,000 | 0 | 52,000 |
| Total Costs | \$2,477,614 | \$78,726 | \$0 | \$2,556,340 | \$75,962 | \$0 | \$2,553,576 |
| State/Other Special | 2,477,614 | 78,726 | 0 | 2,556,340 | 75,962 | 0 | 2,553,576 |
| Total Funds | \$2,477,614 | \$78,726 | \$0 | \$2,556,340 | \$75,962 | \$0 | \$2,553,576 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$52,000 | \$0 |
| FY07 | \$52,000 | \$0 |

PL- 601 - Vehicle Replacement - Brands Division -

The executive recommends the replacement of two pickup trucks each year of the 2007 biennium as the vehicles being replaced will exceed 125,000 miles during the replacement period. The total request is \$52,000 each year and is funded with state special revenue derived from the livestock industry.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$151,111) | \$0 |
| FY07 | (\$151,833) | \$0 |

PL- 602 - FTE Reduction - Brands Enforcement Division -

The budget includes a reduction of 4.50 FTE. Positions being reduced are a market bureau chief, half-time administrative support position and three brand inspectors for a total state special revenue reduction of \$151,111 in FY 2006 and \$151,833 in FY 2007. The reduction is necessary to keep the program budget within available per capita fee revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,043 | \$0 |
| FY07 | \$3,043 | \$0 |

PL- 603 - Out of State Travel - Brands Division -

The executive recommends travel for the brand enforcement division to meet education and training requirements. The total request is approximately \$6,000 state special revenue for the 2007 biennium.

Department Of Livestock-5603
Brands Enforcement Division-06

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$94,305 | \$0 |
| FY07 | \$94,305 | \$0 |

PL- 604 - Overtime - Brands Division -

This decision package restores overtime to the FY 2004 level for the Brands Enforcement Division. Overtime is incurred in the fall when livestock are sold through the markets. The state special revenue request is \$94,305 each year.

Department Of Livestock-5603

Meat/Poultry Inspection-10

10 Meat / Poultry
Inspection
Carol Olmstead x5293

Program Description - The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 17.50 | 0.00 | 1.00 | 18.50 | 0.00 | 1.00 | 18.50 |
| Personal Services | 670,603 | 13,895 | 29,838 | 714,336 | 13,975 | 29,768 | 714,346 |
| Operating Expenses | 195,343 | 12,019 | 6,270 | 213,632 | 9,640 | 4,120 | 209,103 |
| Total Costs | \$865,946 | \$25,914 | \$36,108 | \$927,968 | \$23,615 | \$33,888 | \$923,449 |
| General Fund | 429,392 | 12,957 | 18,054 | 460,403 | 12,151 | 16,944 | 458,487 |
| State/Other Special | 6,475 | 0 | 0 | 6,475 | 0 | 0 | 6,475 |
| Federal Special | 430,079 | 12,957 | 18,054 | 461,090 | 11,464 | 16,944 | 458,487 |
| Total Funds | \$865,946 | \$25,914 | \$36,108 | \$927,968 | \$23,615 | \$33,888 | \$923,449 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$22,160 | \$11,080 |
| FY07 | \$19,390 | \$9,695 |

PL- 103 - Field Automation Information Management (FAIM) -

The executive recommends the replacement of eight Field Automation and Information Management (FAIM) computers in FY 2006 and seven in FY 2007. By cooperative agreement, the Meat Inspection Bureau uses a personal computer system with specialized inspection software to do their work. The federal government provides the hardware, software and essential training. The costs of \$22,160 in FY 2006 and \$19,390 in FY 2007 are funded 50 percent with federal funds and 50 percent with general fund.

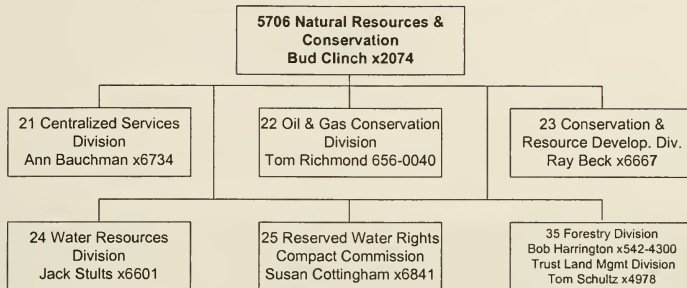
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$36,108 | \$18,054 |
| FY07 | \$33,888 | \$16,944 |

NP- 101 - Add 1.0 FTE Meat Inspector -

The executive recommends adding 1.00 FTE meat inspector to accommodate additional meat plants in Eastern Montana. The position is funded 50 percent federal funds and 50 percent general fund. This recommendation includes operating costs and a leased vehicle.

Department of Natural Resources & Conservation-5706



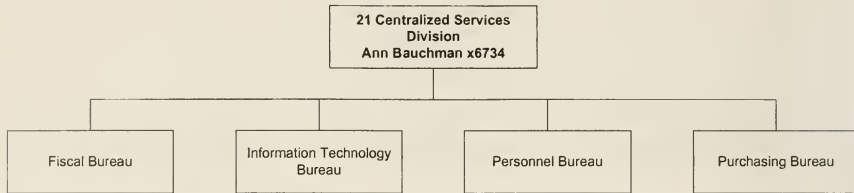
Mission Statement - To ensure Montana's land and water resources provide benefits for present and future generations.

Statutory Authority - 2-15-104 and Title 2, chapter 15, part 33, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 486.24 | 3.00 | 1.00 | 490.24 | 3.00 | 1.00 | 490.24 |
| Personal Services | 21,536,866 | 2,210,424 | 34,129 | 23,781,419 | 2,247,897 | 34,099 | 23,818,862 |
| Operating Expenses | 9,814,332 | 1,475,683 | 827,036 | 12,117,051 | 550,299 | 701,736 | 11,066,367 |
| Equipment | 667,807 | 56,193 | 36,695 | 760,695 | 41,693 | 0 | 709,500 |
| Capital Outlay | 75 | 0 | 0 | 75 | 0 | 0 | 75 |
| Local Assistance | 213,373 | 50,000 | 250,000 | 513,373 | 0 | 250,000 | 463,373 |
| Grants | 961,865 | 45,431 | 0 | 1,007,296 | 0 | 0 | 961,865 |
| Benefits & Claims | 1,000,000 | 3,500,000 | 0 | 4,500,000 | 3,500,000 | 0 | 4,500,000 |
| Transfers | 398,339 | 353,117 | 0 | 751,456 | 154,762 | 0 | 553,101 |
| Debt Service | 487,112 | 80,702 | 0 | 567,814 | 80,702 | 0 | 567,814 |
| Total Costs | \$35,079,769 | \$7,771,550 | \$1,147,860 | \$43,999,179 | \$6,575,353 | \$985,835 | \$42,640,957 |
| General Fund | 16,825,529 | 4,740,234 | 21,108 | 21,586,871 | 4,483,187 | 21,108 | 21,329,824 |
| State/Other Special | 16,489,400 | 2,810,657 | 1,124,289 | 20,424,346 | 1,857,561 | 962,264 | 19,309,225 |
| Federal Special | 1,764,840 | 220,659 | 2,463 | 1,987,962 | 234,605 | 2,463 | 2,001,908 |
| Total Funds | \$35,079,769 | \$7,771,550 | \$1,147,860 | \$43,999,179 | \$7,575,353 | \$985,835 | \$42,640,957 |

Department of Natural Resources & Conservation-5706

Centralized Services Division-21



Program Description - The Centralized Services Division provides managerial and administrative support services to the department through: 1) the Director's Office, which includes the director, legal staff, and public information; and 2) support services, which manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services. Support services include fiscal affairs, data processing, personnel, legal, reception, and mail. Responsibilities include trust revenue collection and distribution and maintenance of ownership records for trust and non-trust state-owned land.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 37.00 | 0.00 | 0.00 | 37.00 | 0.00 | 0.00 | 37.00 |
| Personal Services | 1,744,660 | 122,847 | 0 | 1,867,507 | 123,029 | 0 | 1,867,689 |
| Operating Expenses | 543,492 | 38,491 | 0 | 581,983 | (57,378) | 0 | 486,114 |
| Equipment | 0 | 0 | 0 | 0 | 30,000 | 0 | 30,000 |
| Debt Service | 3,344 | 0 | 0 | 3,344 | 0 | 0 | 3,344 |
| Total Costs | \$2,291,496 | \$161,338 | \$0 | \$2,452,834 | \$95,651 | \$0 | \$2,387,147 |
| General Fund | 1,819,275 | 122,664 | 0 | 1,941,939 | 39,353 | 0 | 1,858,628 |
| State/Other Special | 400,820 | 29,443 | 0 | 430,263 | 44,443 | 0 | 445,263 |
| Federal Special | 71,401 | 9,231 | 0 | 80,632 | 11,855 | 0 | 83,256 |
| Total Funds | \$2,291,496 | \$161,338 | \$0 | \$2,452,834 | \$95,651 | \$0 | \$2,387,147 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,462 | \$9,231 |
| FY07 | \$23,711 | \$11,856 |

PL- 2101 - CSD Operating Adjustment -

The executive recommends this \$18,462 in FY 2006 and \$23,711 increase for rent in non state-owned buildings and a slight increase for janitorial services. The proposal is funded 50 percent general fund and 50 percent federal funds each year.

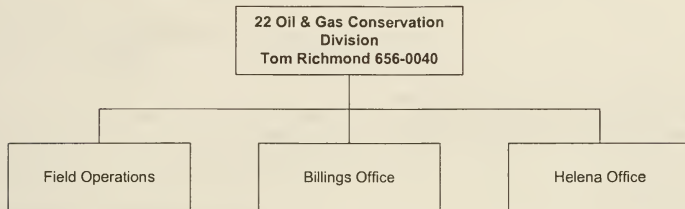
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$30,000 | \$15,000 |

PL- 2102 - Phone System Billings Office-OTO -

The executive recommends a one-time-only appropriation of \$30,000 in FY 2007 for a phone system replacement at the DNRC Billings office. The office space is for four divisions that provide services in the Billings area. Funding is 50 percent general fund and 50 percent state special revenue.

Department of Natural Resources & Conservation-5706

Oil & Gas Conservation Division-22



Program Description - The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; 7) determines incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects; 8) operates the underground injection control program; 9) plugs orphan wells and 10) collects and maintains complete well data and production information.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|----------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Drilling Permits Issued | 685 | 600 | 897 | 950 | 1100 | 1225 |
| Wells Completed | 475 | 435 | 551 | 650 | 800 | 925 |
| Oil Production (in million Bbls) | 16.05 | 18.1 | 19.9 | 20.9 | 21.5 | 21 |
| Gas Production (in million MCF) | 77.3 | 78.8 | 78.9 | 80.5 | 82.9 | 84.5 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 20.50 | 0.00 | 1.00 | 21.50 | 0.00 | 1.00 | 21.50 |
| Personal Services | 809,721 | 221,639 | 34,129 | 1,065,489 | 235,386 | 34,099 | 1,079,206 |
| Operating Expenses | 295,245 | 93,963 | 615,000 | 1,004,208 | 94,638 | 475,000 | 864,883 |
| Equipment | 38,307 | 11,693 | 0 | 50,000 | 11,693 | 0 | 50,000 |
| Total Costs | \$1,143,273 | \$327,295 | \$649,129 | \$2,119,697 | \$341,717 | \$509,099 | \$1,994,089 |
| State/Other Special | 1,036,392 | 434,176 | 649,129 | 2,119,697 | 448,598 | 509,099 | 1,994,089 |
| Federal Special | 106,881 | (106,881) | 0 | 0 | (106,881) | 0 | 0 |
| Total Funds | \$1,143,273 | \$327,295 | \$649,129 | \$2,119,697 | \$341,717 | \$509,099 | \$1,994,089 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$75,156 | \$0 |
| FY07 | \$84,499 | \$0 |

PL- 2206 - O&G Regulatory Program Operating Adjustments -

The executive recommends adjustments of \$75,156 in FY 2006 and \$84,499 in FY 2007 of state special revenue to annualize increased operating costs for the Oil and Gas regulatory program.

Department of Natural Resources & Conservation-5706

Oil & Gas Conservation Division-22

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$63,209 | \$0 |
| FY07 | \$69,560 | \$0 |

PL- 2201 - O&G UIC Program Operating Adjustments -

The budget includes annual adjustments of \$63,209 in FY 2006 and \$69,560 in FY 2007 of state special revenue for operating costs in the Oil and Gas Underground Injection Control program.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$209,129 | \$0 |
| FY07 | \$209,099 | \$0 |

NP- 2201 - Public Access Data System-OTO -

The executive recommends 1.00 FTE each year and \$209,129 in FY 2006 and \$209,099 in FY 2007 state special revenue to continue and expand an on-going data project started in the 2005 biennium to acquire and maintain historical oil and gas data including well logs and field information and scan the data for web delivery. The majority of operating expenses \$150,000 per year would be used to contract with the Secretary of State's office or another third-party vendor to begin scanning the 50 years of historical well data in the Billings office.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$125,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 2203 - O&G Energy Education and Outreach-Biennial -

The executive recommends a biennial state special revenue appropriation of \$125,000 to provide summer oil and gas workshops for teachers, provide curricula materials and field trips to students at all grade levels, and develop a science project competition. Efforts will foster better awareness of the importance of the oil and gas industry in Montana and to encourage students to pursue careers in the sciences and technologies used in the industry. These activities will be a cooperative effort between the Montana Board of Oil and Gas Conservation (Board) and Montana Tech, as part of the board's priority effort to make the public more aware of the oil and gas industry in Montana.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$15,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 2204 - O&G North American Prospect Exposition-Biennial -

The department requests a biennial state special revenue appropriation of \$15,000 to sponsor a "Come to Montana" booth at the annual North American Prospect Expedition in Texas. Attendees at this convention represent oil and gas companies from all over the world. Funding would provide travel, supplies and materials, and registration fees. Participation in this exposition is part of the board's effort to make the public more aware of Montana's oil and gas industry.

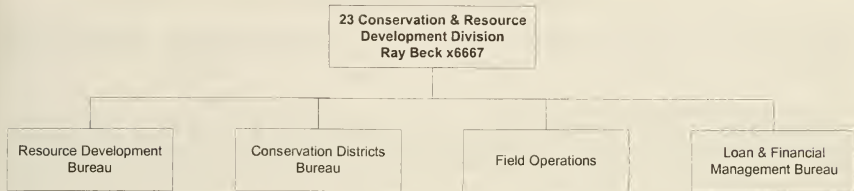
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$300,000 | \$0 |
| FY07 | \$300,000 | \$0 |

NP- 2205 - Coal Bed Natural Gas Baseline Studies -

The executive recommends \$300,000 state special revenue each fiscal year to complete baseline studies and investigations that will improve the effectiveness and efficiency of the oil and gas regulatory program in relation to coal bed methane production. Potential projects include: continuation of a baseline soil study of the Powder River Basin. This study has been started by industry but will not continue due to funding constraints, investigation of the regulatory barriers to use of Class V injection wells to inject produced coal bed methane water for aquifer storage and recovery, participate in studies of water treatment systems, produce a comprehensive guidance document for coal bed methane project developers, and provide matching funds for Department of Energy research solicitations in these areas.

Department of Natural Resources & Conservation-5706

Conservation & Resource Development Division-23



Program Description - The Conservation and Resource Development Division provides technical, administrative, financial and legal assistance to Montana's 58 conservation districts by administering the Conservation District Act, Montana Rangeland Resources Act and the Natural Streambed and Land Preservation Act. The division also manages several loan and grant programs for local communities, local governments, state agencies and private citizens. The programs include the state revolving fund, which currently includes \$150 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$45 million and private loans for \$16.5 million. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|---------------|---------------|---------------|------------------|------------------|------------------|
| Grants provided to communities (in millions) | \$3.5 | \$3.5 | \$3.6 | \$3.6 | \$3.6 | \$3.6 |
| Loans provided to communities (in millions) | \$200 | \$210 | \$220 | \$225 | \$240 | \$245 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 21.50 | 1.00 | 0.00 | 22.50 | 1.00 | 0.00 | 22.50 |
| Personal Services | 1,181,422 | 26,407 | 0 | 1,207,829 | 28,455 | 0 | 1,209,877 |
| Operating Expenses | 1,058,250 | 169,422 | 105,000 | 1,332,672 | 97,453 | 102,000 | 1,257,703 |
| Equipment | 24,404 | 0 | 0 | 24,404 | 0 | 0 | 24,404 |
| Local Assistance | 213,373 | 50,000 | 250,000 | 513,373 | 0 | 250,000 | 463,373 |
| Grants | 924,622 | 45,431 | 0 | 970,053 | 0 | 0 | 924,622 |
| Benefits & Claims | 1,000,000 | 3,500,000 | 0 | 4,500,000 | 3,500,000 | 0 | 4,500,000 |
| Debt Service | 77,080 | 0 | 0 | 77,080 | 0 | 0 | 77,080 |
| Total Costs | \$4,479,151 | \$3,791,260 | \$355,000 | \$8,625,411 | \$3,625,908 | \$352,000 | \$8,457,059 |
| General Fund | 2,316,762 | 3,455,202 | 0 | 5,771,964 | 3,455,920 | 0 | 5,772,682 |
| State/Other Special | 1,961,828 | 269,356 | 355,000 | 2,586,184 | 94,136 | 352,000 | 2,407,964 |
| Federal Special | 200,561 | 66,702 | 0 | 267,263 | 75,852 | 0 | 276,413 |
| Total Funds | \$4,479,151 | \$3,791,2609 | \$355,000 | \$8,625,411 | \$3,625,908 | \$352,000 | \$8,457,059 |

**Department of Natural Resources & Conservation-5706
Conservation & Resource Development Division-23**

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$47,664 | \$0 |
| FY07 | \$47,562 | \$0 |

PL- 2301 - CARDD Regional Water Coordinator -

The executive recommends \$47,664 in FY 2006 and \$47,562 in FY 2007 state special revenue for 1.00 FTE as the regional water coordinator. There are four regional water systems. The Dry Prairie is in construction; the North Central, the Dry Red Water, and the Musselshell Valley systems are in development. State efforts assist local entities in obtaining federal authorization and appropriations, and work with multiple state agencies that have numerous permitting, easement and regulatory roles. The purpose of this effort is to assist in obtaining and then administering state and federal funding and to provide a point of contact between the local and regional systems and the state agencies.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$52,000 | \$2,000 |
| FY07 | \$58,000 | \$2,000 |

PL- 2302 - CARDD Operating Adjustment -

The executive recommends \$52,000 in FY 2006 and \$58,000 in FY 2007 for operating increases for rent in non-state owned buildings and additional contracted services, \$2,000 per year is general fund and the remainder is state and federal special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$27,000 | \$0 |
| FY07 | \$33,000 | \$0 |

PL- 2303 - Regional Water Systems -

The budget includes \$27,000 in FY 2006 and \$33,000 in FY 2007 state special revenue for administrative expenses as necessary to continue to secure federal funding, maintain local support, and negotiate needed agreements to work on engineering and environmental planning for the various systems. The federal funding needed for the systems will total in excess of \$400 million. The federal funds received to date are \$5 million.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$84,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 2310 - Grazing District Commission-Biennial -

The executive recommends \$84,000 of state special revenue as a biennial appropriation for expenses associated with the operations of the Grazing District Commission.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,500,000 | \$4,500,000 |
| FY07 | \$4,500,000 | \$4,500,000 |

PL- 2312 - Crow Tribe Settlement – RST/OTO

The June 1999 Special Session of the Montana Legislature approved the water rights and coal severance tax litigation settlement with the Crow Tribe. The state also authorized DNRC to pay the Crow Tribe \$15 million over the course of 15 years to a fund "for the use and benefit of the Tribe." The state has paid \$6 million of this obligation to date. This request creates a one-time-only appropriation of \$9 million general fund to fulfill the state's obligation under this settlement.

Department of Natural Resources & Conservation-5706 **Conservation & Resource Development Division-23**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$1,000,000) | (\$1,000,000) |
| FY07 | (\$1,000,000) | (\$1,000,000) |

PL- 2313 - Crow Tribe Settlement Adjustment -

The current base budget for the division contains \$1 million each year in ongoing general fund support to pay for the Crow Tribe Settlement. The request found in DP 2312 would pay off the remaining money owed to the Crow Tribe. Therefore, the ongoing base level funding will no longer be needed and this request removed the funds to free up \$1 million per year in general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$95,431 | \$0 |
| FY07 | \$0 | \$0 |

PL- 2314 – Conservation Districts Financial Assistance -

This request adds a \$95,431 biennial appropriation from the shared coal severance tax state special revenue fund for conservation district grants administrative support.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$250,000 | \$0 |
| FY07 | \$250,000 | \$0 |

NP- 2304 - MT Drinking Water Loan Program -

The executive recommends \$250,000 each fiscal year of state special revenue for the State Revolving Fund Drinking Water Program to match federal authority for hardship communities.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$105,000 | \$0 |
| FY07 | \$102,000 | \$0 |

NP- 2305 - Musselshell Valley Regional Water Project -

The department requests \$105,000 in FY 2006 and \$102,000 in FY 2007 state special revenue to help in the development of the Musselshell Valley Regional Water Project. This system will facilitate the construction of a Regional Water System for 5 small communities in the Musselshell Valley area.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

NP- 2306 - Move Funding Between State Special Revenue Funds -

This decision package moves funding in the Conservation District Bureau and the Resource Development Bureau from the Renewable Resources fund to the Reclamation and Development fund. The services provided by these bureaus are appropriately funded by either of these funds. The movement of \$181,157 in FY 2006 and \$178,620 in FY 2007 is based upon balancing expenditures with available revenues.

**Department of Natural Resources & Conservation-5706
Conservation & Resource Development Division-23**

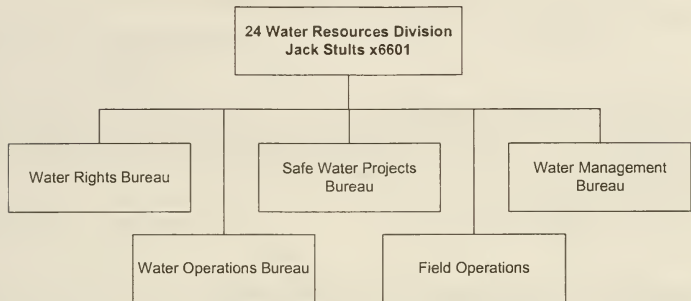
Language Recommendations –

"The department is appropriated up to \$600,000 for the 2007 biennium from the state special revenue account established in 85-1-604, MCA, for the purchase of prior liens on property held as loan security as required by 85-1-618, MCA".

"The department is authorized to decrease federal special revenue money in the pollution control and/or drinking water revolving fund loan programs and increase state special revenue money by a like amount within the special administration account when the amount of federal EPA CAP funds have been expended or federal funds and bond proceeds will be used for other program purposes."

Department of Natural Resources & Conservation-5706

Water Resources Division-24



Program Description - The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. It manages and maintains the state-owned dams, reservoirs, and canals. The division also develops and recommends in state, interstate, and international water policy to the director, the Governor, and the Legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, State Water Projects Bureau, and the Water Operations Bureau.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Dam Safety Inspections conducted on state-owned dams | 48 | 46 | 46 | 46 | 40 | 40 |
| High-hazard dam permits evaluated and issued | 18 | 13 | 23 | 37 | 25 | 15 |
| Water-user groups assisted in major river basins | 22 | 22 | 24 | 24 | 21 | 23 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 109.50 | 0.00 | 0.00 | 109.50 | 0.00 | 0.00 | 109.50 |
| Personal Services | 5,252,169 | 365,896 | 0 | 5,618,065 | 370,736 | 0 | 5,622,905 |
| Operating Expenses | 1,768,414 | 793,206 | 71,856 | 2,633,476 | (1,102) | 89,556 | 1,856,868 |
| Equipment | 5,772 | 28,500 | 36,695 | 70,967 | 0 | 0 | 5,772 |
| Capital Outlay | 75 | 0 | 0 | 75 | 0 | 0 | 75 |
| Debt Service | 389,042 | 80,702 | 0 | 469,744 | 80,702 | 0 | 469,744 |
| Total Costs | \$7,415,472 | \$1,268,304 | \$108,551 | \$8,792,327 | \$450,336 | \$89,556 | \$7,955,364 |
| General Fund | 5,866,304 | 320,952 | 0 | 6,187,256 | 327,098 | 0 | 6,193,402 |
| State/Other Special | 1,464,378 | 939,369 | 108,551 | 2,512,298 | 114,922 | 89,556 | 1,668,856 |
| Federal Special | 84,790 | 7,983 | 0 | 92,773 | 8,316 | 0 | 93,106 |
| Total Funds | \$7,415,472 | \$1,268,304 | \$108,551 | \$8,792,327 | \$450,336 | \$89,556 | \$7,955,364 |

Department of Natural Resources & Conservation-5706

Water Resources Division-24

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$170,016 | \$78,531 |
| FY07 | \$157,039 | \$66,541 |

PL- 2402 - Water Resources Operating Adjustments -

The executive recommends \$143,120 general fund and \$181,983 state special revenue for the 2007 biennium for operating adjustments such as rent, utilities, contracted services and leased vehicles through the state motor pool. The funding is \$78,531 general fund and \$91,485 state special revenue for FY 2006 and \$66,541 general fund and \$90,498 state special revenue for FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$330,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 2403 - Rehab of N. Fork of Smith Dam and Nilan North Dam-RST/OTO-

The budget includes \$330,000 state special revenue for a restricted, one-time-only, and biennial appropriation for the rehabilitation of the North Fork of the Smith Dam located about 10 miles east of White Sulphur Springs and the Nilan North Dam which is located west of Augusta.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$86,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 2404 - Broadwater Power Project-FERC Fisheries Mitigation -

The department requests an \$86,000 biennial appropriation in state special revenue for fisheries mitigation to perform annual fish population studies and evaluation of completed habitat improvement projects having impacts from the construction of the Broadwater Power Project.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$413,600 | \$0 |
| FY07 | \$0 | \$0 |

PL- 2405 - Water Projects Pre-construction Engineering -

The budget includes a \$413,600 biennial appropriation request for state special revenue to pay for land surveying services and pre-construction engineering on two projects in need of major rehabilitation. Funds of \$388,600 will be used to contract with private engineering firms to complete the pre-construction engineering on the Ruby Dam and the Painted Rock Dam. The engineering will establish the basis for funding and carrying out the actual rehabilitation construction stage. The additional \$25,000 is to cover retainer fees for land surveying services conducted during the course of construction/rehabilitation activities on state-owned dams, canals, and lands scheduled for sale or exchange.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$16,800 | \$0 |
| FY07 | \$16,800 | \$0 |

PL- 2406 - Water Well Contractors Litigation & Per Diem-RST-OTO -

The executive recommends \$16,800 state special revenue each fiscal year of the 2007 biennium requested to pay for contracted legal and other litigation costs of the Board of Water Well Contractors and for per diem costs.

Department of Natural Resources & Conservation-5706 **Water Resources Division-24**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$119,374) | \$0 |
| FY07 | (\$114,374) | \$0 |

PL- 2407 - FBC Operating Budget -

This request includes a reduction of \$119,374 in FY 2006 and \$114,374 in FY 2007 which reflects the operational changes that are taking place as the program integrates into the department.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$108,551 | \$0 |
| FY07 | \$89,556 | \$0 |

NP- 2408 - Water Right Records Optical Imaging-OTO -

The executive recommends \$108,551 in FY 2006 and \$89,556 in FY 2007 in state special revenue for document scanning technology for the water right records (which include approximately 350,000+ files and 6,000,000+ images), including color images of photos, maps, and staff analysis. These digital images would be linked to the existing water right database and become accessible via the internet. The digital images would replace the current microfilm of these documents, which are only available in 9 locations across the state and require microfilm reader/printers to access and copy the documents.

Department of Natural Resources & Conservation-5706 Reserved Water Rights Compact Commission-25

**25 Reserved Water Rights
Compact Commission
Susan Cottingham x6841**

Program Description - The Montana Reserved Water Rights Compact Commission was created by the legislature in 1979 as part of the state-wide water rights adjudication effort. It consists of four members appointed by the Governor, two by the President of the Senate, two by the Speaker of the House of Representatives, and one by the Attorney General. Members serve for four years. The commission negotiates water rights with the Indian tribes and federal agencies, which claim federal reserved water rights within the state, to establish a formal agreement (compact) on the amount of water to be allocated to each interest.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|----------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Compacts completed | 0 | 0 | 0 | 1 | 0 | 1 |
| Compacts Under Negotiation | 4 | 4 | 4 | 3 | 3 | 2 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 9.00 | 0.00 | 0.00 | 9.00 | 0.00 | 0.00 | 9.00 |
| Personal Services | 530,733 | 27,891 | 0 | 558,624 | 27,705 | 0 | 558,438 |
| Operating Expenses | 133,717 | (2,004) | 0 | 131,713 | (734) | 0 | 132,983 |
| Total Costs | \$664,450 | \$25,887 | \$0 | \$690,337 | \$26,971 | \$0 | \$691,421 |
| General Fund | 664,450 | 25,887 | 0 | 690,337 | 26,971 | 0 | 691,421 |
| Total Funds | \$664,450 | \$25,887 | \$0 | \$690,337 | \$26,971 | \$0 | \$691,421 |

-----Present Law Adjustments-----

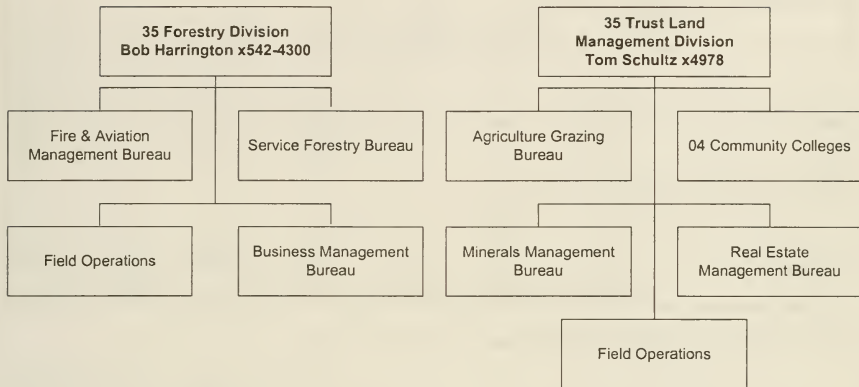
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,400 | \$7,400 |
| FY07 | \$8,629 | \$8,629 |

PL- 2501 - Reserved Water Rights Compact Commission Operating -

The executive recommends \$7,400 in FY 2006 and \$8,629 in FY 2007 general fund for per diem paid to the nine Reserved Water Right Compact Commission members, mileage and other operating adjustments.

Department of Natural Resources & Conservation-5706

Forestry/Trust Lands Division-35



Program Description - The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners. Specific programs include:

- Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support.
- Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana.
- Administering Montana Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced.
- Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses and communities.
- Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

The Trust Land Management Division provides for the administration and management of trust lands granted to the State of Montana by the Enabling Act of 1889. These lands currently total 5.2 million surface acres and 6.2 million mineral acres. Additionally, the division is responsible for the administration of approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The Trust Land Management Division is divided into four primary programs: forest management; agriculture and grazing management; special use management; and minerals management.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Forestry & Trust Land Management | | | | | | |
| Total Acres under Fire Protection (in millions) | 52.1 | 52.1 | 52.1 | 52.1 | 52.1 | 52.1 |
| Forest Resource Assists | 5,493 | 5,625 | 5,750 | 5,800 | 5800 | 5800 |
| Total Revenues generated (in millions) | \$63.4 | \$62.5 | \$72.8 | \$66 | \$66.0 | \$66.0 |
| State Trust Land Acreage (in millions) | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |

Department of Natural Resources & Conservation-5706 Forestry/Trust Lands Division-35

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 288.74 | 2.00 | 0.00 | 290.74 | 2.00 | 0.00 | 290.74 | |
| Personal Services | 12,018,161 | 1,445,744 | 0 | 13,463,905 | 1,462,586 | 0 | 13,480,747 | |
| Operating Expenses | 6,015,214 | 382,605 | 35,180 | 6,432,999 | 417,422 | 35,180 | 6,467,816 | |
| Equipment | 599,324 | 16,000 | 0 | 615,324 | 0 | 0 | 599,324 | |
| Grants | 37,243 | 0 | 0 | 37,243 | 0 | 0 | 37,243 | |
| Transfers | 398,339 | 353,117 | 0 | 751,456 | 154,762 | 0 | 553,101 | |
| Debt Service | 17,646 | 0 | 0 | 17,646 | 0 | 0 | 17,646 | |
| Total Costs | \$19,085,927 | \$2,197,466 | \$35,180 | \$21,318,573 | \$2,034,770 | \$35,180 | \$21,155,877 | |
| General Fund | 6,158,738 | 815,529 | 21,108 | 6,995,375 | 633,845 | 21,108 | 6,813,691 | |
| State/Other Special | 11,625,982 | 1,138,313 | 11,609 | 12,775,904 | 1,155,462 | 11,609 | 12,793,053 | |
| Federal Special | 1,301,207 | 243,624 | 2,463 | 1,547,294 | 245,463 | 2,463 | 1,549,133 | |
| Total Funds | \$19,085,927 | \$2,197,466 | \$35,180 | \$21,318,573 | \$2,034,770 | \$35,180 | \$21,155,877 | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$200,000 | \$0 |
| FY07 | \$200,000 | \$0 |

PL- 3502 - Fire Seasonal Pay Exception -

The executive recommends \$132,000 state special revenue and \$268,000 federal special revenue for the 2007 biennium for the recruitment and retention of a seasonal firefighter workforce at DNRC. This request is an effort to keep DNRC proactive in competing with other employers for this ever-shrinking pool of qualified applicants. This recommendation will improve the recruitment and retention of qualified seasonal firefighters for the department.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$247,143 | \$106,657 |
| FY07 | \$257,362 | \$107,743 |

PL- 3503 - Forestry Operating Adjustment -

The executive recommends \$247,143 in FY 2006 and \$257,362 in FY 2007 all funds. This recommendation will be transferred to the air operations proprietary account to cover fixed costs for rent, insurance and wages.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$200,000 | \$200,000 |
| FY07 | \$0 | \$0 |

PL- 3506 - Build additional UH-1 Helicopter-OTO -

The budget includes funding to build an additional UH-1 helicopter which would increase the fire fighting capabilities of the state helicopter fleet. The cost to build the additional UH-1 helicopter is estimated to be \$256,000, based on a FY 2005 project completed in July, 2004. Funding would come \$200,000 from one-time-only general funds and DNRC would utilize \$56,000 of existing internal service funds to complete the project.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$11,544 | \$0 |
| FY07 | \$14,183 | \$0 |

PL- 3521 - Trust Land Management Operating Adjustment -

The executive recommends state special revenue of \$11,544 in FY 2006 and \$14,183 in FY 2007 for operating adjustments and rent costs in Helena, Billings, and Miles City offices.

Department of Natural Resources & Conservation-5706

Forestry/Trust Lands Division-35

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,000 | \$0 |
| FY07 | \$18,000 | \$0 |

PL- 3522 - Trust Lands Recreational Use -

The executive recommends \$18,000 each fiscal year of state special revenue for operating as a result of the agreement with the Department of Fish, Wildlife and Parks (FWP). Trust Land Management Division may utilize 10 percent of the revenue received as a result of the agreement. The department anticipates additional costs related to weed management and road maintenance, pursuant to 77-1-808 (3)(b)(e), MCA.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,000 | \$0 |
| FY07 | \$32,000 | \$0 |

PL- 3523 - Trust Land Commercial Leasing -

The executive recommends \$30,000 in FY 2006 and \$32,000 in FY 2007 state special revenue for the future commercial and industrial development of state trust lands to increase revenue to the trust beneficiaries.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$153,000 | \$0 |
| FY07 | \$153,000 | \$0 |

PL- 3524 - Trust Land Banking -

The budget includes \$153,000 each fiscal year of state special revenue to implement the provision of HB 223, adopted by the 2003 Legislature. During FY 2004, the new program was in the development phase and incurred no expenses during the base year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,000 | \$0 |
| FY07 | \$30,000 | \$0 |

PL- 3525 - Trust Land Road Maintenance -

This request includes \$30,000 each fiscal year of state special revenue for additional road maintenance and road use purposes in the Northwestern and Southwestern Land Offices.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$16,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 3526 - Trust Land Replacement Equipment-OTO -

This decision package contains \$16,000 of state special revenue in FY 2006 as a one-time-only (OTO) appropriation for the replacement of the phone system at the Stillwater Unit of the Northwestern Land Office.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$74,588 | \$0 |
| FY07 | \$74,430 | \$0 |

PL- 3527 - Forest Management Sustained Yield FTE -

The executive recommends 2.00 FTE and state special revenue funding of \$74,588 in FY 2006 and \$74,430 in FY 2007 to implement the provision of HB 537, passed by the 2003 Legislature. The department was directed to conduct a sustained yield study. Results of the study show that the annual sustained yield for timber harvest on school trust lands should increase from 42 mmbf to 53 mmbf, which would result in approximately \$1,940,000 additional average gross timber harvest revenue annually. This increase in timber harvest would increase the existing workload and require an additional two timber foresters to meet the new sustained yield.

**Department of Natural Resources & Conservation-5706
Forestry/Trust Lands Division-35**

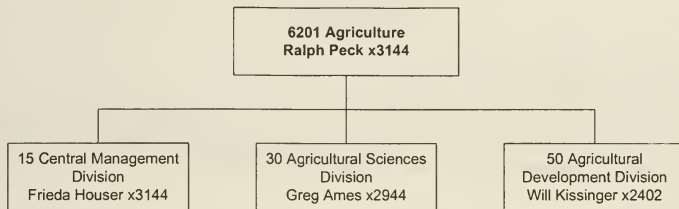
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$35,180 | \$21,108 |
| FY07 | \$35,180 | \$21,108 |

NP- 3504 - Interagency Fire Support -

The executive recommends \$21,108 general fund, \$11,609 state special revenue and \$2,463 federal special revenue each fiscal year to support interagency fire costs within the Northern Rockies region. Currently, the department funds contracted fire protection services on state and private lands within the Flathead Indian Reservation. The Bureau of Indian Affairs, Flathead Agency, has raised the fee for providing fire protection within the reservation by 4 cents per acre. The total increase per year is \$5,894 and will be ongoing. The department has also been requested to share support costs associated with the Northern Rockies Coordinating Group (NRCG) of which DNRC is a partner. These costs would be used to support regional Incident Management Teams and an interagency fire contractor position from which DNRC benefits.

Department of Agriculture-6201



Mission Statement - To protect producers and consumers and to enhance and develop agriculture and allied industries.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1-15, MCA

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 111.54 | 2.00 | 0.00 | 113.54 | 2.50 | 0.00 | 114.04 |
| Personal Services | 4,073,972 | 960,408 | 0 | 5,034,380 | 973,257 | 0 | 5,047,229 |
| Operating Expenses | 1,960,713 | 720,862 | 25,000 | 2,706,575 | 585,904 | 25,000 | 2,571,617 |
| Equipment | 156,990 | 155,280 | 0 | 312,270 | 127,663 | 0 | 284,653 |
| Grants | 3,097,778 | 4,348,885 | 0 | 7,446,663 | 840,377 | 0 | 3,938,155 |
| Total Costs | \$9,289,453 | \$6,185,435 | \$25,000 | \$15,499,888 | \$2,527,201 | \$25,000 | \$11,841,654 |
| General Fund | 598,135 | 15,772 | 0 | 613,907 | (22,986) | 0 | 575,149 |
| State/Other Special | 7,578,716 | 1,827,195 | 22,690 | 9,428,601 | 1,800,889 | 22,690 | 9,402,295 |
| Federal Special | 827,084 | 4,263,019 | 0 | 5,090,103 | 667,534 | 0 | 1,494,618 |
| Proprietary | 285,518 | 79,449 | 2,310 | 367,277 | 81,764 | 2,310 | 369,592 |
| Total Funds | \$9,289,453 | \$6,185,435 | \$25,000 | \$15,499,888 | \$2,527,201 | \$25,000 | \$11,841,654 |

Department of Agriculture-6201 Central Management Division-15

15 Central Management
Division
Frieda Houser x3144

Program Description - Central Management Division performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Regional/National Projects/Meetings | 204 | 284 | 353 | 215 | 250 | 250 |
| International Projects/Meetings | 24 | 30 | 52 | 30 | 30 | 30 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 13.00 | 0.00 | 0.00 | 13.00 | 0.00 | 0.00 | 13.00 |
| Personal Services | 637,009 | 48,844 | 0 | 685,853 | 47,465 | 0 | 684,474 |
| Operating Expenses | 200,050 | 15,302 | 25,000 | 240,352 | (38,786) | 25,000 | 186,264 |
| Equipment | 7,930 | 5,000 | 0 | 12,930 | 5,000 | 0 | 12,930 |
| Total Costs | \$844,989 | \$69,146 | \$25,000 | \$939,135 | \$13,679 | \$25,000 | \$883,668 |
| General Fund | 168,116 | 10,172 | 0 | 178,288 | (28,289) | 0 | 139,827 |
| State/Other Special | 528,913 | 57,243 | 22,690 | 608,846 | 41,809 | 22,690 | 593,412 |
| Federal Special | 91,979 | (1,979) | 0 | 90,000 | (1,979) | 0 | 90,000 |
| Proprietary | 55,981 | 3,710 | 2,310 | 62,001 | 2,138 | 2,310 | 60,429 |
| Total Funds | \$844,989 | \$69,146 | \$25,000 | \$939,135 | \$13,679 | \$25,000 | \$883,668 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$16,038 | \$0 |
| FY07 | \$0 | \$0 |

PL- 1502 - Microsoft Office Licensing -

This request of \$16,038 state special and proprietary funds in FY 2006 is for 54 Microsoft Office suite software licenses. This request was approved by the 2003 Legislature, however Department of Administration did not upgrade as planned.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$20,000 | \$5,000 |
| FY07 | \$20,000 | \$5,000 |

PL- 1504 - Operations & Equipment -

This budget request of \$20,000 will restore the budget to the FY 2004 level. The funding includes \$15,000 state special and proprietary funds and \$5,000 general fund each year for two foreign agricultural trips, updating one computer server, and some accounting, personnel, and information technology training.

Department of Agriculture-6201
Central Management Division-15

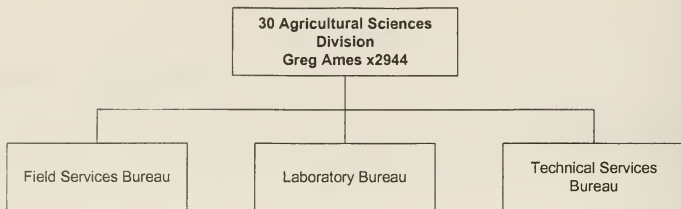
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$0 |
| FY07 | \$25,000 | \$0 |

NP- 1503 - Electronic Government -

The budget includes \$25,000 state special and proprietary funds each year for development of electronic government applications for use by and at the request of the agricultural industry.

Department of Agriculture-6201 Agricultural Sciences Division-30



Program Description - The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Commercial Agricultural Products Registered | 11,920 | 12,200 | 13,200 | 13,600 | 13,800 | 14,000 |
| Analysis of Commercial Agricultural Products | 5708 | 5712 | 5800 | 5800 | 6500 | 6500 |
| Commodity Certificates | 4016 | 4171 | 4427 | 4260 | 4270 | 4280 |
| Noxious Weed Trust Fund Grants Awarded | 141 | 150 | 150 | 150 | 180 | 180 |
| Pest Quarantines and Surveys | 18 | 17 | 19 | 17 | 19 | 20 |
| Compliance Assistance, Education, and Inspections | 1759 | 1823 | 1753 | 1750 | 1750 | 1750 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 59.16 | 2.00 | 0.00 | 61.16 | 2.50 | 0.00 | 61.66 |
| Personal Services | 2,342,375 | 348,623 | 0 | 2,690,998 | 365,340 | 0 | 2,707,715 |
| Operating Expenses | 836,479 | 552,309 | 0 | 1,388,788 | 441,360 | 0 | 1,277,839 |
| Equipment | 137,865 | 77,117 | 0 | 214,982 | 69,000 | 0 | 206,865 |
| Grants | 2,097,603 | 3,706,000 | 0 | 5,803,603 | 206,000 | 0 | 2,303,603 |
| Total Costs | \$5,414,322 | \$4,684,049 | \$0 | \$10,098,371 | \$1,081,700 | \$0 | \$6,496,022 |
| General Fund | 101,341 | 0 | 0 | 101,341 | 0 | 0 | 101,341 |
| State/Other Special | 4,591,277 | 519,051 | 0 | 5,110,328 | 512,187 | 0 | 5,103,464 |
| Federal Special | 721,704 | 4,164,998 | 0 | 4,886,702 | 569,513 | 0 | 1,291,217 |
| Total Funds | \$5,414,322 | \$4,684,049 | \$0 | \$10,098,371 | \$1,081,700 | \$0 | \$6,496,022 |

Department of Agriculture-6201

Agricultural Sciences Division-30

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,580,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 3001 - USDA Federal Mitigation of Noxious Weed Impacts -

This budget request of \$3.58 million biennial federal authority is for noxious weed control on private and public lands. The department has entered into a cooperative agreement with the US Forest Service to provide the funding.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$194,836 | \$0 |
| FY07 | \$171,458 | \$0 |

PL- 3002 - Pesticide Base Budget Adjustments -

The Executive recommends this request of \$194,836 in FY 2006 and \$171,458 in FY 2007 of state and federal special revenue for the purchase of replacement trucks, field office rent, travel, pesticide disposal contract, and Federal State Inspection (FSI) contract expenditures.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$158,792 | \$0 |
| FY07 | \$165,482 | \$0 |

PL- 3003 - Organic Program -

This request is recommended by the Executive to fund 0.50 FTE in FY 2006 and 1.00 FTE in FY 2007 and related operating expenditures totaling \$158,792 in FY 2006 and \$165,482 in FY 2007. Funding comes from both state and federal special revenue. A part-time inspector and increased administrative support will enable the department to meet the demand for organic certification of farmers, ranchers, and agricultural processors.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$294,490 | \$0 |
| FY07 | \$294,438 | \$0 |

PL- 3005 - EPA Homeland Security -

This request would fund 1.50 FTE and related operational costs of approximately \$294,000 federal funds each year. Funding will be based on grants received from the United States Environmental Protection Agency (EPA). A program would be developed to include training on safety, security, and establishing security procedures for agricultural chemicals.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,080 | \$0 |
| FY07 | \$5,080 | \$0 |

PL- 3010 - Produce Base Budget Adjustments -

This budget request restores \$5,080 federal authority in FY2006 and FY 2007 for inspections and feed samples.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$12,000 | \$0 |
| FY07 | \$7,000 | \$0 |

PL- 3011 - Feed and Fertilizer Base Budget Adjustments -

This budget request restores state special authority of \$12,000 in FY2006 and \$7,000 FY 2007 for maintenance contracts to update laboratory equipment and purchase a vehicle.

Department of Agriculture-6201 **Agricultural Sciences Division-30**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,890 | \$0 |
| FY07 | \$2,890 | \$0 |

PL- 3012 - Mint Committee Base Budget Adjustments -

This budget request restores \$2,890 state special authority in both fiscal years for committee meeting and related expenditures.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$116,000 | \$0 |
| FY07 | \$116,000 | \$0 |

PL- 3013 - Noxious Weed Admin Base Budget Adjustments -

The budget includes an increase of \$116,000 state special authority each year for meeting and travel costs and to increase grants by \$100,000 to fight noxious weeds in Montana.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$23,277 | \$0 |
| FY07 | \$23,277 | \$0 |

PL- 3014 - Groundwater Base Budget Adjustments -

The Executive recommends restoring the base state special revenue authority of \$23,277 in FY 2006 and FY 2007 for replacement of two trucks, installation of groundwater monitoring wells, travel, laboratory equipment maintenance contracts, and other operating expenditures.

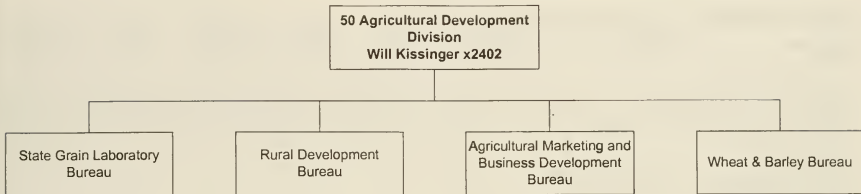
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$35,208 | \$0 |
| FY07 | \$35,208 | \$0 |

PL- 3015 - Caps Base Budget Adjustments -

The budget includes \$35,208 federal authority each year of the 2007 biennium for committee travel and related pest survey costs to administer the Montana Cooperative Agricultural Pest Survey (CAPS) and Pest Detection program.

Department of Agriculture-6201

Agricultural Development Division-50



Program Description - The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 39.38 | 0.00 | 0.00 | 39.38 | 0.00 | 0.00 | 39.38 |
| Personal Services | 1,094,588 | 562,941 | 0 | 1,657,529 | 560,452 | 0 | 1,655,040 |
| Operating Expenses | 924,184 | 153,251 | 0 | 1,077,435 | 183,330 | 0 | 1,107,514 |
| Equipment | 11,195 | 73,163 | 0 | 84,358 | 53,663 | 0 | 64,858 |
| Grants | 1,000,175 | 642,885 | 0 | 1,643,060 | 634,377 | 0 | 1,634,552 |
| Total Costs | \$3,030,142 | \$1,432,240 | \$0 | \$4,462,382 | \$1,431,822 | \$0 | \$4,461,964 |
| General Fund | 328,678 | 5,600 | 0 | 334,278 | 5,303 | 0 | 333,981 |
| State/Other Special | 2,458,526 | 1,250,901 | 0 | 3,709,427 | 1,246,893 | 0 | 3,705,419 |
| Federal Special | 13,401 | 100,000 | 0 | 113,401 | 100,000 | 0 | 113,401 |
| Proprietary | 229,537 | 75,739 | 0 | 305,276 | 79,626 | 0 | 309,163 |
| Total Funds | \$3,030,142 | \$1,432,240 | \$0 | \$4,462,382 | \$1,431,822 | \$0 | \$4,461,964 |

Department of Agriculture-6201

Agricultural Development Division-50

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Wheat and Barley: | | | | | | |
| Market Info Requests | 232 | 250 | 250 | 250 | 275 | 275 |
| Research & Marketing Projects | 64 | 47 | 28 | 30 | 35 | 40 |
| Foreign Trade Delegation Representatives | 47 | 50 | 50 | 50 | 45 | 40 |
| State Grain Lab: | | | | | | |
| Official & Submitted Grades | 11,465 | 14,100 | 18,500 | 20,000 | 21,000 | 22,000 |
| Commodity Grades (Peas, Beans, Lentils) | 213 | 240 | 250 | 300 | 315 | 330 |
| Related Testing (Proteins, Germinations, Falling Numbers) | 13,750 | 15,550 | 20,000 | 21,500 | 22,575 | 23,650 |
| Hail Insurance: | | | | | | |
| Insurance Policies* | 1,232 | 1,350 | 2,395 | 2,500 | 2,600 | 2,600 |
| Acreage Insured* | 532,939 | 1,751,000 | 1,751,570 | 1,900,00 | 2,000,000 | 2,000,000 |
| Ag Finance: | | | | | | |
| Junior Ag Loans | 127 | 139 | 100 | 125 | 140 | 155 |
| Subordination Loans | 10 | 11 | 11 | 15 | 19 | 23 |
| Rural Assistance Loans | 53 | 58 | 58 | 65 | 70 | 75 |
| Loan Portfolio Amount | \$1,775,820 | \$2,000,000 | \$2,150,000 | \$2,350,000 | \$2,700,000 | \$3,000,000 |
| Marketing & Business Development: | | | | | | |
| GTA Investment Portfolio | \$1,131,168 | \$522,616* | \$1,217,259 | \$1,098,369 | \$1,246,579 | \$1,246,579 |
| GTA Awards Made | 37 | 15 | 38 | 40 | 40 | 40 |
| Companies Assisted w/ Business Start-up, Expansion, or Business Recruitment/Relocation | 57 | 70 | 78 | 90 | 115 | 130 |
| Promotions Conducted | 8 | 8 | 6 | 8 | 8 | 8 |
| Dept Trade Show Participation | 10 | 7 | 15 | 15 | 15 | 15 |
| Dept Assisted Trade Show Participants | 9** | 15 | 15 | 30 | 35 | 40 |
| Trade Missions & Reverse Trade Missions | 5 | 6 | 7 | 7 | 7 | 7 |

*Reduced Funding Special Session

**Transition to Trade Show Assistance Program

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,000 | \$5,000 |
| FY07 | \$5,000 | \$5,000 |

PL- 5001 - Montana Agricultural Statistics Service GF Approp -

This request of \$5,000 increases general fund authority for FY 2006 and FY 2007 for producing Montana agricultural statistical information.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,968 | \$0 |
| FY07 | \$4,968 | \$0 |

PL- 5002 - Mt Agricultural Statistics-Alternative Crop Survey -

This budget request restores \$4,968 state special authority in both fiscal years. The expenditure was funded with a federal grant in FY 2004 that expires in FY 2005.

Department of Agriculture-6201 **Agricultural Development Division-50**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$258,463 | \$0 |
| FY07 | \$256,663 | \$0 |

PL- 5003 - State Grain Lab Bureau Base Adjustment -

The Executive recommends this proposal to restore \$258,463 state special revenue authority in FY 2006 and \$256,663 in FY 2007. The increase will ensure adequate services during a heavier workload biennium at the State Grain Laboratory.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$15,000 | \$0 |
| FY07 | \$18,500 | \$0 |

PL- 5004 - Montana State Hail Insurance Prog. Base Adjustment -

The Executive recommends this request for \$15,000 in FY 2006 and \$18,500 in FY 2007 proprietary funds for hail insurance adjusters and associated travel costs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$650,146 | \$0 |
| FY07 | \$650,439 | \$0 |

PL- 5005 - Wheat & Barley Bureau Base Adjustment -

This budget includes approximately \$650,000 state special funding in both years of the 2007 biennium for marketing and research services. The request includes \$16,200 in FY 2006 to replace a vehicle, approximately \$550,000 for grants, and \$83,496 for other operational costs in FY 2006 and FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,000 | \$0 |
| FY07 | \$100,000 | \$0 |

PL- 5009 - Federal Marketing Appropriation Authority -

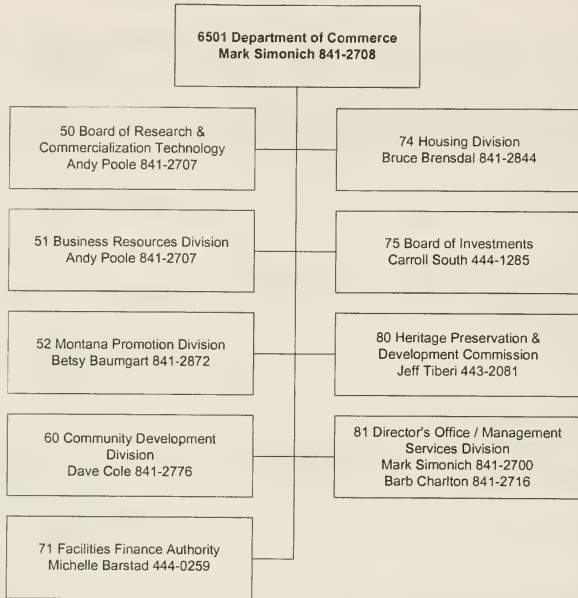
This request of \$100,000 federal revenue authority each year is for grants to develop agriculture markets and marketing projects and related operating costs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$33,939 | \$0 |
| FY07 | \$33,938 | \$0 |

PL- 5020 - Montana Agriculture Development Council Grants -

Under MCA 15-35-108, 7.75 percent of the Coal Severance Tax collections are to be credited to a state special revenue account known as the Coal Severance Tax Shared Account, a portion of which is to be allocated by the legislature to the Montana Growth Through Agriculture program. An increase of \$67,877 for the 2007 biennium is requested and will be used to increase the funds available for investments and agricultural development projects.

Department of Commerce-6501

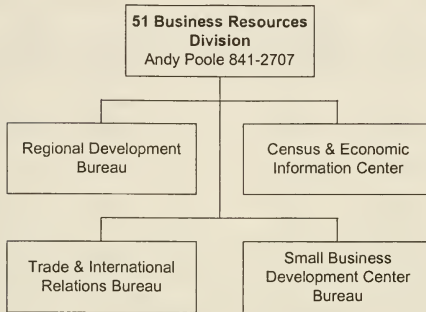


Mission Statement - To enhance economic prosperity in Montana by working with our community partners to foster community led diversification of our economy; and to maintain and improve our infrastructure, housing and facilities.

Statutory Authority - 2-15-18, MCA.

| Agency Proposed Budget | | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 47.00 | (5.34) | 0.00 | 41.66 | (5.34) | 0.00 | 41.66 | |
| Personal Services | 2,091,891 | 39,026 | 0 | 2,130,917 | 39,576 | 0 | 2,131,467 | |
| Operating Expenses | 2,253,689 | 446,667 | 0 | 2,700,356 | 404,236 | 0 | 2,657,925 | |
| Grants | 15,130,854 | 2,718,469 | 0 | 17,849,323 | 1,403,068 | 0 | 16,533,922 | |
| Benefits & Claims | 210,496 | 264,504 | 0 | 475,000 | 264,504 | 0 | 475,000 | |
| Total Costs | \$19,686,930 | \$3,468,666 | \$0 | \$23,155,596 | \$2,111,384 | \$0 | \$21,798,314 | |
| General Fund | 1,565,311 | 60,216 | 0 | 1,625,527 | 59,598 | 0 | 1,624,909 | |
| State/Other Special | 1,622,888 | 1,809,510 | 0 | 3,432,398 | 220,921 | 0 | 1,843,809 | |
| Federal Special | 16,498,731 | 1,598,940 | 0 | 18,097,671 | 1,830,865 | 0 | 18,329,596 | |
| Total Funds | \$19,686,930 | \$3,468,666 | \$0 | \$23,155,596 | \$2,111,384 | \$0 | \$21,798,314 | |

Department of Commerce-6501 Business Resources Division-51



Program Description - The Business Resources Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Working closely with the private sector, the Governor's Office, the Legislature, economic and community development partners, other department divisions, state agencies, and federal and private programs; the division strives to enhance the economic base of Montana through business creation, expansion, and retention efforts.

Program Indicators -

| Indicator | Actual CY2003 | Actual CY2004 | Estimated CY2005 |
|---|------------------|------------------|---------------------|
| Finance Ctr. Website Visitor Sessions | 22,161 | 23,000 | 24,000 |
| RDO Business Financing | \$94,310,230 | \$75,000,000 | \$85,000,000 |
| CDBG Business Financing | \$2,200,000 | \$2,200,000 | \$2,200,000 |
| CRDC 5-Year Strategic Plans | 9 | 12 | 12 |
| CEIC Website Visitor Sessions | 124,238 | 150,000 | 180,000 |
| Export Trade Counseling Cases | 700 | 740 | 780 |
| SBDC Counseling Hours | 6,214 | 6,116 | 7,978 |
| Phase 1 and II SBIR Awards | 33 | 41 | 49 |
| Micro Business Development Center Clients | 1,205 | 1300 | 1400 |
| NxLevel Training Participants | 333 | 330 | 330 |

Department of Commerce-6501 Business Resources Division-51

| Program Proposed Budget | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | | | | | | | |
| FTE | 26.50 | (3.34) | 0.00 | 23.16 | (3.34) | 0.00 | 23.16 |
| Personal Services | 1,126,589 | 93,778 | 0 | 1,220,367 | 94,346 | 0 | 1,220,935 |
| Operating Expenses | 1,115,614 | 88,934 | 0 | 1,204,548 | 80,427 | 0 | 1,196,041 |
| Grants | 2,856,896 | 156,651 | 0 | 3,013,547 | 156,651 | 0 | 3,013,547 |
| Total Costs | \$5,099,099 | \$339,363 | \$0 | \$5,438,462 | \$331,424 | \$0 | \$5,430,523 |
| General Fund | 1,363,945 | 41,582 | 0 | 1,405,527 | 40,964 | 0 | 1,404,909 |
| State/Other Special | 182,270 | 48,919 | 0 | 231,189 | 48,760 | 0 | 231,030 |
| Federal Special | 3,552,884 | 248,862 | 0 | 3,801,746 | 241,700 | 0 | 3,794,584 |
| Total Funds | \$5,099,099 | \$339,363 | \$0 | \$5,438,462 | \$331,424 | \$0 | \$5,430,523 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$150,459) | (\$150,459) |
| FY07 | (\$150,043) | (\$150,043) |

PL- 5101 - BRD FTE Reallocation HB0002 -

The executive recommends moving 3.00 FTE from HB 2 to a statutory appropriation in the division. The general fund savings for HB 2 in FY 2006 is \$150,459 and \$150,043 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$156,651 | \$0 |
| FY07 | \$156,651 | \$0 |

PL- 5104 - BRD Federal Grants Adjustment HB002 -

The budget includes \$156,651 each year of the 2007 biennium of federal authority for Community Development Block Grants.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$107,611 | \$62,611 |
| FY07 | \$109,076 | \$64,076 |

PL- 5111 - BRD Administrative Costs Adjustments HB0002 -

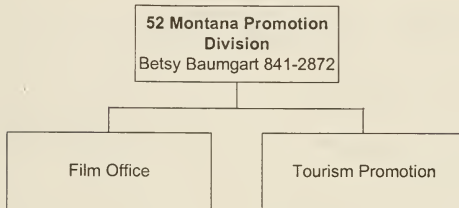
This request adds \$62,611 general fund and \$45,000 state special revenue for FY 2006 and \$64,076 general fund and \$45,000 state special revenue for FY 2007 for administrative costs adjustments in the Business Resource Division.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$13,984) | (\$13,984) |
| FY07 | (\$13,975) | (\$13,975) |

PL- 5126 - BRD Statewide FTE Reduction HB0002 -

This decision package implements an FTE reduction equivalent to the reduction taken in the 2003 legislative session. This 0.34 FTE an nearly \$14,000 of general fund are removed each year from the budget permanently.

Department of Commerce-6501
Montana Promotion Division-52



Program Description - The Montana Promotion Division strives to strengthen Montana's economy through increased visitor travel, visitor expenditures, and film production, in the state. The division works to project a positive image of the state through consumer advertising, electronic marketing, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television production companies. The division provides training and assistance to the Montana tourism industry, administers, and distributes infrastructure grants and oversees expenditures of six regional non-profit corporations and the ten qualified convention and visitors bureaus.

The Montana Promotion Division is primarily funded by the statutorily appropriated lodging facility use tax.

Montana Promotion Division responsibilities are mandated primarily in Title 15, Chapter 65, and Title 2, Chapter 15, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 476,286 | 293,100 | 0 | 769,386 | 273,714 | 0 | 750,000 |
| Total Costs | \$476,286 | \$293,100 | \$0 | \$769,386 | \$273,714 | \$0 | \$750,000 |
| State/Other Special | 476,286 | 293,100 | 0 | 769,386 | 273,714 | 0 | 750,000 |
| Total Funds | \$476,286 | \$293,100 | \$0 | \$769,386 | \$273,714 | \$0 | \$750,000 |

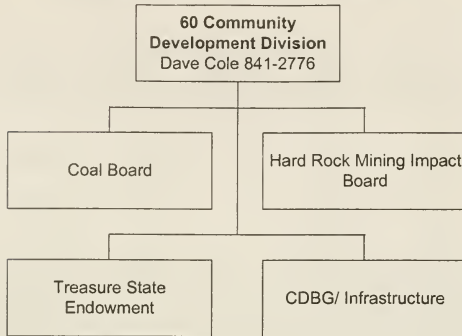
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$292,055 | \$0 |
| FY07 | \$292,055 | \$0 |

PL- 5212 - MPD Private Funds & Audit Adjustments HB0002 -

The executive recommends an increase of \$292,055 each year to continue the historical trend of \$750,000 each year of private authority for the Montana Promotion Division.

Department of Commerce-6501 Community Development Division-60



Program Description - The Community Development Division works with federal, state, and local governments, private non-profit organizations, and private citizens in regard to community needs identification, public facilities planning and financing, housing development for low and moderate income families, neighborhood revitalization, and coal and hard rock mining mitigation, as well as management of projects funded through division programs.

There are two major programs directly administered by the division:

- The Community Development Block Grant Program (CDBG), and
- The Treasure State Endowment Program (TSEP).

The Montana Coal Board and the Montana Hard Rock Mining Impact Board are also attached to the Community Development Division for administrative purposes. The division provides office facilities and necessary staff and administrative support for the boards.

These four programs provide both financial and technical assistance to Montana communities, local elected officials and staff, nonprofit organizations, private sector developers and consultants, Indian Tribes, and private citizens. Other assisted entities include local planning boards and zoning commissions, community development corporations, human resource development councils, water and sewer districts, fire departments, and housing authorities.

- The Community Development Block Grant (CDBG) program is primarily funded with federal funds allocated through the U.S. Department of Housing and Urban Development (HUD) although the general fund provides a required match for a portion of the administrative costs of the program equal to two percent of the annual CDBG allocation.
- The Coal Board is funded from the coal severance tax shared state special revenue account. This account receives its revenues from 7.75 percent of all coal severance tax collections. The Hard-Rock Mining Impact Board is funded by a 2.5 percent allocation of the Metalliferous Mines License Tax.
- The Treasure State Endowment Program is funded by interest earnings from the treasure state endowment fund, a sub-fund within the coal tax trust fund. Fifty percent of the coal severance taxes that go into the coal tax trust fund are to be transferred to the treasure state endowment fund for a 20-year period, which began in 1993.

The Community Development Division's responsibilities are primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

Department of Commerce-6501 Community Development Division-60

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Coal Board | | | | | | |
| Applications | 24 | 30 | 24 | 24 | 30 | 25 |
| Grants | 12 | 16 | 9 | 10 | 15 | 10 |
| Board Meetings | 4 | 4 | 4 | 4 | 4 | 4 |
| Conference Calls | 1 | 1 | 4 | 2 | 2 | 2 |
| Hard Rock | | | | | | |
| Board Meetings | 4 | 2 | 1 | 2 | 2 | 2 |
| Conference Calls | 2 | 4 | 4 | 4 | 4 | 4 |
| TSEP | | | | | | |
| Construction Applications Received | 55 | 0 | 47 | 0 | 50 | 0 |
| Construction Awards | 0 | 40 | 0 | 44 | 0 | 48 |
| Active Construction Projects | 55 | 40 | 74 | 34 | 78 | 70 |
| Preliminary Engineering Awards | 39 | 0 | 32 | 0 | 34 | 0 |
| Emergency Awards | 2 | 3 | 3 | 4 | 3 | 3 |
| CDBG / Applications Reviewed | | | | | | |
| Public Facilities | 8 | 13 | 10 | 14 | 14 | 14 |
| Housing | 7* | * | 6 | 8 | 8 | 8 |
| Planning | 17 | 26 | 33 | 30 | 35** | 30 |
| Grants Awarded | | | | | | |
| Public Facilities | 8 | 12 | 7 | 10 | 10 | 10 |
| Housing | 4* | * | 3 | 4 | 4 | 4 |
| Planning | 13 | 16 | 14 | 20 | 20 | 20 |

*Housing applications were combined for FY 2002/2003

**Higher number of CDBG planning grant applications is anticipated in even-numbered years because all available TSEP preliminary engineering grant funds is generally disbursed in the first year of the biennium.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 13.00 | 0.00 | 0.00 | 13.00 | 0.00 | 0.00 | 13.00 |
| Personal Services | 625,775 | 30,057 | 0 | 655,832 | 30,600 | 0 | 656,375 |
| Operating Expenses | 409,881 | 126,169 | 0 | 536,050 | 118,554 | 0 | 528,435 |
| Grants | 6,587,183 | 2,807,729 | 0 | 9,394,912 | 1,240,652 | 0 | 7,827,835 |
| Total Costs | \$7,622,839 | \$2,963,955 | \$0 | \$10,586,794 | \$1,389,806 | \$0 | \$9,012,645 |
| General Fund | 201,366 | 18,634 | 0 | 220,000 | 18,634 | 0 | 220,000 |
| State/Other Special | 964,332 | 1,467,491 | 0 | 2,431,823 | (101,553) | 0 | 862,779 |
| Federal Special | 6,457,141 | 1,477,830 | 0 | 7,934,971 | 1,472,725 | 0 | 7,929,866 |
| Total Funds | \$7,622,839 | \$2,963,955 | \$0 | \$10,586,794 | \$1,389,806 | \$0 | \$9,012,645 |

**Department of Commerce-6501
Community Development Division-60**

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,747,085 | \$0 |
| FY07 | \$1,180,008 | \$0 |

PL- 6003 - CD Grants Adjustment HB0002 -

The executive recommends \$1.5 million each fiscal year for the federally funded portion of the Community Development Block Grant program. In addition, adjustments to the biennial appropriation for the Coal Board for grants to local coal communities equal \$1,247,085 in FY 2006 and (\$319,992) in FY 2007. Funding for the Coal Board grants comes from the Coal Severance Tax shared account.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$144,139 | \$0 |
| FY07 | \$145,143 | \$0 |

PL- 6013 - CD Administrative Costs Adjustments HB0002 -

The executive recommends \$144,139 in FY 2006 and \$145,143 in FY2007 state and federal special revenue for increased operating costs to administer the Community Development Block Grant program.

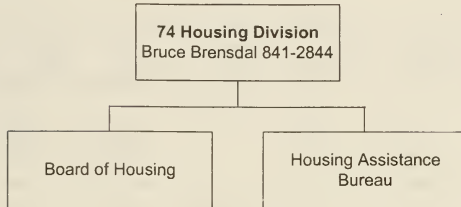
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$60,644 | \$0 |
| FY07 | \$60,644 | \$0 |

PL- 6060 - CD Grants Hard Rock Adjustments HB0002 -

In accordance with 90-6-331, MCA, prior to each October 31, all money segregated by the county in the hard-rock mining impact trust account, following allocation to the hard-rock mining impact trust reserve account, must be transferred to the county for which the funds have been held in deposit. This request accomplishes that transfer.

Department of Commerce-6501

Housing Division-74



Program Description - The Housing Division established on July 1, 1995, consolidated housing programs within the Department of Commerce into one division. The division includes the Housing and Urban Development (HUD) HOME Investment Partnerships program, the HUD Tenant Based and Project Based Section 8 Housing programs, and the Board of Housing and its programs.

Housing Division responsibilities are mandated primarily in Title 2, Chapter 15; Title 90, Chapter 1, and Chapter 6, MCA; 24 CFR 91, and 92; 24 CFR 5, 792, 813, 887, 982, and 984; and the Governor's Executive Order 27-81.

Program Indicators -

| Indicator | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Estimated FY2006 | Estimated FY2007 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Applications Reviewed (\$) | | | | | |
| Homebuyer Assistance | 1,608,335 | 1,531,543 | 1,766,000 | 1,854,000 | 1,947,000 |
| Homeowner Rehabilitation | 173,300 | 869,656 | 604,000 | 634,000 | 666,000 |
| New Construction – Rental | 770,276 | 1,855,679 | 1,030,000 | 1,082,000 | 1,136,000 |
| New Construction - Single Family | 193,500 | 943,300 | 400,000 | 420,000 | 441,000 |
| Acquisition Rehabilitation – Rental | 1,000,000 | 1,099,093 | 1,448,000 | 1,524,000 | 1,587,000 |
| Tenant Based Rental Assistance | 64,724 | - | 125,000 | 130,000 | 150,000 |
| Totals: | \$ 3,810,135 | \$ 6,299,271 | \$ 5,373,000 | \$ 5,644,000 | \$ 5,927,000 |
| Grants Awarded (\$) | | | | | |
| Homebuyer Assistance | 1,608,335 | 1,331,543 | 1,424,000 | 1,424,000 | 1,424,000 |
| Homeowner Rehabilitation | 173,300 | 869,656 | 475,000 | 475,000 | 475,000 |
| New Construction - Rental | 770,276 | 1,605,679 | 863,000 | 863,000 | 863,000 |
| New Construction - Single Family | 193,500 | 443,300 | 216,000 | 216,000 | 216,000 |
| Acquisition Rehabilitation - Rental | 1,000,000 | 837,093 | 1,222,000 | 1,222,000 | 1,222,000 |
| Tenant Based Rental Assistance | 64,724 | - | 100,000 | 100,000 | 100,000 |
| Totals: | \$ 3,810,135 | \$ 5,087,271 | \$ 4,300,000 | \$ 4,300,000 | \$ 4,300,000 |

Department of Commerce-6501 Housing Division-74

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.50 | 0.00 | 0.00 | 5.50 | 0.00 | 0.00 | 5.50 |
| Personal Services | 254,825 | (107) | 0 | 254,718 | (668) | 0 | 254,157 |
| Operating Expenses | 156,973 | 33,399 | 0 | 190,372 | 26,476 | 0 | 183,449 |
| Grants | 5,686,775 | (245,911) | 0 | 5,440,864 | 5,765 | 0 | 5,692,540 |
| Total Costs | \$6,098,573 | (\$212,619) | \$0 | \$5,885,954 | \$31,573 | \$0 | \$6,130,146 |
| Federal Special | 6,098,573 | (212,619) | 0 | 5,885,954 | 31,573 | 0 | 6,130,146 |
| Total Funds | \$6,098,573 | (\$212,619) | \$0 | \$5,885,954 | \$31,573 | \$0 | \$6,130,146 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$245,911) | \$0 |
| FY07 | \$5,765 | \$0 |

PL- 7405 - HD HOME Federal Grants Adjustment HB0002 -

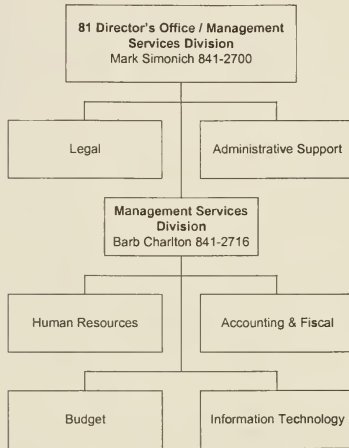
The executive recommends a reduction of \$245,911 in FY 2006 and an increase of \$5,765 in FY 2007 of federal authority. This request more closely represents anticipated expenses for the HOME federal grant through the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$35,271 | \$0 |
| FY07 | \$28,611 | \$0 |

PL- 7414 - HD Administrative Costs Adjustments HB0002 -

The executive recommends adjustments for operating the HOME grant program of \$35,271 of federal special revenue in FY 2006 and \$28,611 of federal special revenue in FY 2007.

Department of Commerce-6501 Director/Management Services-81



Program Description - The Director's Office/Management Services Division consists of three programs:

The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office in the effort to improve and stabilize the economic climate in Montana.

The Management Services Division provides internal support to all agency divisions, bureaus, and programs. Services provided by the Management Services Division include accounting, budgeting, fiscal management, contracting, purchasing, information technology, human resources, payroll, benefits, and training.

The Director's Office/Management Services Division responsibilities are mandated primarily in Title 2, Chapter 15 and Title 90, Chapter 1, MCA.

In 2003, the 58th Montana Legislature transferred the Developmental Disabilities Planning and Advisory Council (DDPAC) from the Department of Public Health and Human Services to the Department of Commerce with the provision the state could contract with a nonprofit corporation for the purposes of carrying out the responsibilities delegated to the DDPAC. In January 2004, the department entered into a contract with the Montana Council on Developmental Disabilities (MCDD) as a nonprofit corporation. The Department of Commerce remains the cognizant state agency with the Federal Department of Health and Human Services; disbursing (pass through) funds to the newly created nonprofit under the terms and conditions of the contract. The MCDD program is funded entirely in HB 2 with federal special revenue. MCDD responsibilities are mandated primarily in Title 53, Chapter 20, MCA.

**Department of Commerce-6501
Director/Management Services-81**

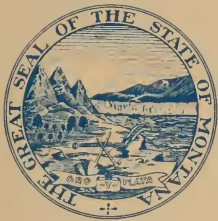
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2.00 | (2.00) | 0.00 | 0.00 | (2.00) | 0.00 | 0.00 |
| Personal Services | 84,702 | (84,702) | 0 | 0 | (84,702) | 0 | 0 |
| Operating Expenses | 94,935 | (94,935) | 0 | 0 | (94,935) | 0 | 0 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefits & Claims | 210,496 | 264,504 | 0 | 475,000 | 264,504 | 0 | 475,000 |
| Total Costs | \$390,133 | \$84,867 | \$0 | \$475,000 | \$84,867 | \$0 | \$475,000 |
| Federal Special | 390,133 | 84,867 | 0 | 475,000 | 84,867 | 0 | 475,000 |
| Total Funds | \$390,133 | \$84,867 | \$0 | \$475,000 | \$84,867 | \$0 | \$475,000 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$67,235 | \$0 |
| FY07 | \$67,520 | \$0 |

PL- 8115 - MSD Administrative Costs/DDPAC Realignment HB002 -

This proposal realigns the 2007 biennium operating plan for the Developmental Disabilities Planning and Advisory Council (DDPAC) and adjusts the appropriation for this federally funded program to match available funds for the 2007 biennium. Approval of this proposal eliminates 2.00 FTE, and all personal services and operating budgets would be reclassified in the grants expenditure category; reflecting the programs conversion in January 2004 to the nonprofit entity authorized in 2-15-1870, MCA.



GOVERNOR
JUDY MARTZ

STATE OF MONTANA

SECTION D: PUBLIC SAFETY & JUSTICE

Crime Control Division
Department of Justice
Public Service Regulation

Department of Corrections
Department of Labor & Industry
Department of Military Affairs

OBPP Staff:

Brent Doig

x4118



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

See page R-1 for specific agency assignments.

Crime Control Division-4107 Justice System Support Service-01

4107 Board of Crime Control
Roland Mena x3615

01 Justice System Support
Service

Mission Statement - To promote public safety, crime prevention, and victim assistance by strengthening the coordination and performance of both the criminal justice and juvenile justice systems in partnership with citizens, government, and communities.

Statutory Authority - 2-15-2006 and 44-4-301, MCA, create and define the board; 41-5-1901, MCA, youth detention services grants; Title 53, Chapter 9, part 1, MCA, Victims Compensation Act; 42 USC 4760 Anti-Drug Abuse Act; 42 USC 10603 Victims of Crime Act; 42 USC 3796 Stop Violence Against Women Act; 42 USC 3701 National Criminal History Improvement Program; 42 USC 5601 Juvenile Justice and Delinquency Prevention Act; and USC 13701 Violent Crime Control and Law Enforcement Act.

Program Description - The Montana Board of Crime Control is the state's designated planning and program development agency for the criminal justice system. The Crime Control Division provides financial support, technical assistance, and support services to state and local criminal justice agencies. The board provides funding to local, regional and statewide projects with the central goal of making Montana a safer state.

The Crime Control Division administers federal anti-drug and anti-crime grants, certifies peace officers and others in the Criminal Justice system, provides funding for juvenile justice programs and provides assistance and compensation to victims of crime. It also collects and analyzes crime data from Montana law enforcement agencies and publishes the annual Crime in Montana report.

Program Indicators -

| Indicator | Actual FY2002 | Actual 2003 | Actual 2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|----------------|----------------|---------------------|---------------------|---------------------|
| Count of Law Enforcement Agencies Voluntarily Reporting Crime Data (annual Reporting) | 96 | 97 | 98 | 100 | 100 | 105 |
| Number of Annual Reports | 1 | 1 | 1 | 2 | 2 | 2 |
| Number of Special MBCC Statistical Reports | 7 | 8 | 10 | 10 | 12 | 15 |
| Number of Statistical Analysis Center Contract Reports | 5 | 6 | 6 | 8 | 8 | 10 |
| Computer Database Application Design, Implementation & Maintenance | 2 | 4 | 5 | 6 | 6 | 8 |
| Data requests answered | 40 | 50 | 60 | 65 | 65 | 70 |
| POST Revocations/Suspensions | 11 | 8 | 12 | 12 | 12 | 12 |
| POST Certifications | 344 | 1022 | 804 | 1000 | 1100 | 1200 |

Crime Control Division-4107

Justice System Support Service-01

| Program Proposed Budget | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | | | | | | | |
| FTE | 19.00 | 0.00 | 2.00 | 21.00 | 0.00 | 2.00 | 21.00 |
| Personal Services | 817,872 | 109,114 | 99,512 | 1,026,498 | 108,994 | 99,238 | 1,026,104 |
| Operating Expenses | 482,394 | 25,734 | 59,098 | 567,226 | 23,101 | 57,435 | 562,930 |
| Equipment | 15,766 | 0 | 0 | 15,766 | 0 | 0 | 15,766 |
| Grants | 9,203,830 | 0 | 4,596,762 | 13,800,592 | 0 | 4,598,562 | 13,802,392 |
| Total Costs | \$10,519,862 | \$134,848 | \$4,755,372 | \$15,410,082 | \$132,095 | \$4,755,235 | \$15,407,192 |
| General Fund | 1,623,752 | 96,420 | 0 | 1,720,172 | 93,673 | 0 | 1,717,425 |
| Federal Special | 8,896,110 | 38,428 | 4,755,372 | 13,689,910 | 38,422 | 4,755,235 | 13,689,767 |
| Total Funds | \$10,519,862 | \$134,848 | \$4,755,372 | \$15,410,082 | \$132,095 | \$4,755,235 | \$15,407,192 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$12,260 | \$12,260 |
| FY07 | \$9,328 | \$9,328 |

PL- 1 - POST Revocation Hearings -

The Executive, in this proposal, recommends \$12,260 general fund in FY 2006 and \$9,328 in FY 2007 to expedite the backlog of some 28 revocation hearings. In order for the POST Council to meet the standards for hearings set by the Administrative Procedure ACT, there is a new fiscal challenge to provide additional meeting time, witness cost, and legal representation cost. Peace Officer Standards & Training and the certification and decertification is a function of the state. These services can not be paid for with federal funds.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$100,000 | \$0 |
| FY07 | \$100,000 | \$0 |

NP- 2 - Drug Court Coordinator -

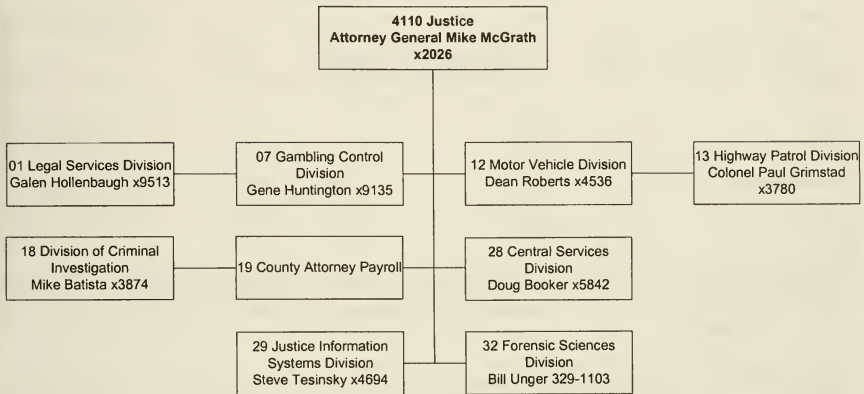
This request is recommended by the Executive to fund the hiring of a 1.00 FTE Statewide Drug Court Coordinator and related operating expenses at \$100,000 federal special revenue each year of the biennium. The coordinator is charged with the task of developing a State Drug Treatment Court Advisory Committee (SDTCAC) and to work in consultation with the SDTCAC to develop a statewide procedure for planning, implementation, promotion, key leader and practitioner training, technical assistance, process and outcome evaluation, and sustainability strategies of Drug Treatment Court activity in Montana.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,655,372 | \$0 |
| FY07 | \$4,655,235 | \$0 |

NP- 3 - Homeland Security - Law Enforcement Terrorism Prev -

The Montana Board of Crime Control has been designated by the Governor to administer the approximately \$4.6 million in Law Enforcement Terrorism Prevention grant monies provided to Montana's Disaster and Emergency Services by the United States Department of Homeland Security each year. The State Administrative Agency (Disaster & Emergency Services) must coordinate the implementation of this program with the State's Lead Law Enforcement Agency (Office of the Attorney General).

Department of Justice-4110



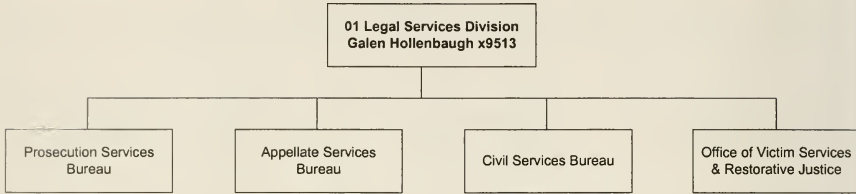
Mission Statement - To pursue activities and programs that seek to ensure and promote the public interest, safety and well-being through leadership, advocacy, education, regulation, and enforcement.

Statutory Authority - 2-15-501, 2-15-2001 through -2021, and Title 44, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 710.60 | 2.25 | (3.88) | 708.97 | 4.25 | (7.02) | 707.83 |
| Personal Services | 31,871,085 | 3,239,567 | (31,556) | 35,079,096 | 3,353,322 | (99,029) | 35,125,378 |
| Operating Expenses | 14,781,805 | 3,472,297 | 200,767 | 18,454,869 | (534,419) | 57,921 | 14,305,307 |
| Equipment | 1,738,154 | 224,703 | (32,869) | 1,929,988 | 265,559 | (50,487) | 1,953,226 |
| Benefits & Claims | 893,436 | 0 | 0 | 893,436 | 0 | 0 | 893,436 |
| Debt Service | 249,592 | 2,282,847 | 22,050 | 2,554,489 | (67,153) | 22,050 | 204,489 |
| Total Costs | \$49,534,072 | \$9,219,414 | \$158,392 | \$58,911,878 | \$3,017,309 | (\$69,545) | \$52,481,836 |
| General Fund | 18,497,606 | 2,884,130 | (245,633) | 21,136,103 | 1,370,839 | (245,777) | 19,622,668 |
| State/Other Special | 27,440,085 | 6,002,287 | 459,875 | 33,902,247 | 1,368,642 | 557,393 | 29,366,120 |
| Federal Special | 2,786,344 | 182,708 | (105,850) | 2,863,202 | 190,809 | (381,161) | 2,595,992 |
| Proprietary | 810,037 | 150,289 | 50,000 | 1,010,326 | 87,019 | 0 | 897,056 |
| Total Funds | \$49,534,072 | \$9,219,414 | \$158,392 | \$58,911,878 | \$3,017,309 | (\$69,545) | \$52,481,836 |

Department of Justice-4110

Legal Services Division-01



Program Description - The Legal Services Division provides 1) the Attorney General with legal research and analysis 2) legal counsel for state government officials, bureaus, and boards 3) legal assistance to local governments and Indian tribes 4) legal assistance, training and support for county prosecutors and 5) assistance to victims of crime, including compensation payments.

County Prosecutor Services provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. County Prosecutor Services also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section and coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel.

The Appellate Legal Services Bureau is responsible for representing the state in all criminal appeals and responds to all habeas corpus and postconviction proceedings where federal and state courts order the state to defend the legality of convictions.

The Civil Services Bureau defends the state in constitutional challenges and coordinates appeals of civil cases that involve the state. This bureau also provides legal assistance to state and local governments on matters involving Indian jurisdiction, federal reserved water rights, election law, antitrust, conflicts of interest and open meetings.

Office of Victim Services and Restorative Justice is a consolidated effort to elevate the status and respond to the needs of victims of crime in Montana. The office also provides the cross-training and coordination with local law enforcement to more fully address the broad needs of victims.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Criminal Appeals & Complex Civil Litigation – New Cases Opened | 481 | 407 | 437 | 425 | 440 | 440 |
| Issue AG Opinions & Letters of Advice | 29 | 12 | 12 | 20 | 20 | 20 |
| Assist and provide training to County Attorneys – New Matters Opened | 107 | 120 | 168 | 140 | 140 | 140 |

Department of Justice-4110 **Legal Services Division-01**

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 50.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 50.00 |
| Personal Services | 2,722,749 | 191,097 | 0 | 2,913,846 | 189,006 | 0 | 2,911,755 |
| Operating Expenses | 881,923 | 37,855 | 0 | 919,778 | (360,043) | 0 | 521,880 |
| Benefits & Claims | 893,436 | 0 | 0 | 893,436 | 0 | 0 | 893,436 |
| Total Costs | \$4,498,108 | \$228,952 | \$0 | \$4,727,060 | (\$171,037) | \$0 | \$4,327,071 |
| General Fund | 3,695,876 | 275,197 | 0 | 3,971,073 | (125,597) | 0 | 3,570,279 |
| State/Other Special | 339,667 | (26,133) | 0 | 313,534 | (25,243) | 0 | 314,424 |
| Federal Special | 462,565 | (20,112) | 0 | 442,453 | (20,197) | 0 | 442,368 |
| Total Funds | \$4,498,108 | \$228,952 | \$0 | \$4,727,060 | (\$171,037) | \$0 | \$4,327,071 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$11,707 | \$11,707 |
| FY07 | (\$388,293) | (\$388,293) |

PL- 111 - Major Litigation Biennial Appropriation -

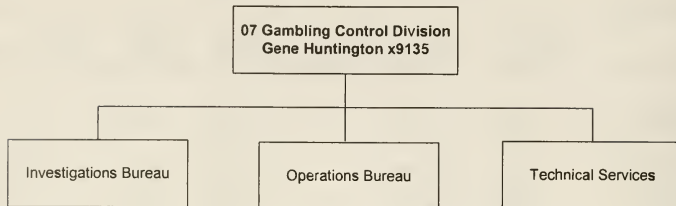
The Executive recommends \$400,000 general fund be appropriated over the biennium for major litigation in the Legal Services Division. This adjustment, combined with the base budget, will create that appropriation.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$21,890) | (\$21,890) |
| FY07 | (\$21,890) | (\$21,890) |

PL- 112 - Exempt Staff Pay Raise Reduction -

The Executive recommends that all exempt staff pay raises be reduced to the FY 2004 base level.

Department of Justice-4110 **Gambling Control Division-07**



Program Description - The Gambling Control Division was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division collects the gambling tax assessed on the net proceeds of gambling activities. It conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities. The gambling control program is mandated by state law.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Video Gambling Machine Tax Collected | \$43.84M | \$46.1M | \$50.1M | \$52M | \$53.9M | \$55.9M |
| All Gambling Permits Issued | 20,864 | 20,844 | 20,510 | 19,800 | 20,453 | 21,128 |
| Liquor & Gambling License Investigations | 703 | 796 | 926 | 926 | 926 | 926 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 43.50 | 0.00 | 1.00 | 44.50 | 0.00 | 1.00 | 44.50 |
| Personal Services | 2,075,704 | 73,489 | 56,512 | 2,205,705 | 74,086 | 56,446 | 2,206,236 |
| Operating Expenses | 548,712 | 1,586,037 | 45,000 | 2,179,749 | 86,914 | 45,000 | 680,626 |
| Equipment | 85,062 | 0 | 0 | 85,062 | 0 | 0 | 85,062 |
| Debt Service | 4,303 | 0 | 0 | 4,303 | 0 | 0 | 4,303 |
| Total Costs | \$2,713,781 | \$1,659,526 | \$101,512 | \$4,474,819 | \$161,000 | \$101,446 | \$2,976,227 |
| General Fund | 464 | 1,099,536 | 0 | 1,100,000 | (464) | 0 | 0 |
| State/Other Special | 1,929,137 | 393,593 | 101,512 | 2,424,242 | 114,639 | 101,446 | 2,145,222 |
| Proprietary | 784,180 | 166,397 | 0 | 950,577 | 46,825 | 0 | 831,005 |
| Total Funds | \$2,713,781 | \$1,659,526 | \$101,512 | \$4,474,819 | \$161,000 | \$101,446 | \$2,976,227 |

-----Present Law Adjustments-----

| | Total Agency Impact | General Fund Total |
|------|----------------------------|---------------------------|
| FY06 | \$1,500,000 | \$1,100,000 |
| FY07 | \$0 | \$0 |

PL- 3 - Enhancement of GCD Database and Business Processes-OTO

In order to implement new technology and improve service to taxpayers and licensees through an Automated Accounting and Reporting System (AARS), the division needs to update its database. These improvements will allow development of web entry and electronic payments of taxes and permit fees. The division estimates it will cost \$1,500,000. A biennial, OTO appropriation of \$1.5M is requested in FY 2006. The request is \$340,000 state special revenue, \$60,000 proprietary funds, and \$1.1M in one-time-only general fund revenue.

Department of Justice-4110 **Gambling Control Division-07**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$88,396 | \$0 |
| FY07 | \$88,396 | \$0 |

PL- 4 - GCD Base Adjustments -

The division requests an increase over base operating expenses to pay overtime for the technical services unit; annualize operating expenses for positions held vacant for all or part of the base year; request authorization for out of country travel for the purpose of investigating license applications from foreign gambling machine manufactures; training to help in the conduct of investigations into illegal gambling; and provide for increases in rent based upon existing contracts. The Executive recommends \$88,396 per year of state special revenue authority be appropriated to the Gambling Control Division for these various purposes.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$11,231) | \$0 |
| FY07 | (\$11,231) | \$0 |

PL- 71 - Exempt Staff Pay Raise Reduction -

The Executive recommends that exempt staff pay raises be reduced to the FY 2004 base. This amounts to \$11,231 per year in state special revenue.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$56,512 | \$0 |
| FY07 | \$56,446 | \$0 |

NP- 5 - Change Appropriation for Lab Machine Testing -

The division would like to eliminate statutory appropriation for the lab machine testing fees and transfer the position and related expense to the division HB 2 appropriation. This would require an appropriation of \$56,512 in FY 2006 and \$56,446 in FY 2007 state special revenue.

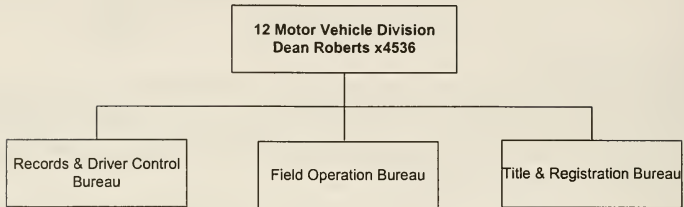
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,000 | \$0 |
| FY07 | \$45,000 | \$0 |

NP- 6 - Request Authority To Pay ID Bureau -

The division requests state special revenue authority to pay the ID Bureau to process fingerprint cards necessary for license applicant background checks. This would require a state special revenue appropriation of \$45,000 per year.

Department of Justice-4110

Motor Vehicle Division-12



Program Description - The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes is responsible for: 1) examination and licensure of all drivers; 2) creation and maintenance of permanent driver and motor vehicle records; 3) titling and registration of all vehicles including boats, snowmobiles and ATVs; 4) inspection and verification of vehicle identification numbers; 5) licensure and compliance control of motor vehicle dealers and manufacturers; and 6) providing motor voter registration.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Issue titles for new and used vehicles: | | | | | | |
| Title Transactions | 458,362 | 495,192 | 503,486 | 513,556 | 523,827 | 534,303 |
| Provide for motor vehicle registration | | | | | | |
| Vehicles Registered | 1,117,152 | 1,153,352 | 1,262,990 | 1,326,129 | 1,392,435 | 1,462,057 |
| Renewal Notices Issued | 911,652 | 923,532 | 929,508 | 934,156 | 938,826 | 943,520 |
| Process motor vehicle lien filings/releases | | | | | | |
| Lien filings processed | 185,614 | 219,855 | 187,863 | 197,256 | 207,119 | 217,475 |
| Lien releases processed | 130,118 | 128,093 | 139,400 | 149,158 | 159,599 | 170,771 |
| Regulate motor vehicle dealers/manufacturers in MT | | | | | | |
| Dealers and Manufacturers licensed | 1,438 | 1,539 | 1,454 | 1,469 | 1,483 | 1,498 |
| Provide driver licensing services statewide | | | | | | |
| Driver's licenses issued | 123,070 | 112,727 | 149,714 | 160,504 | 172,071 | 184,473 |
| Motor voter registrations processed | 20,168 | 18,460 | 19,880 | 19,907 | 19,935 | 19,962 |
| Perform special extended driver licensing investigations and hearings | | | | | | |
| Special investigations and hearings conducted | 47 | 78 | 104 | 157 | 238 | 361 |
| Provide vehicle identification number (VIN) inspection services | | | | | | |
| VIN inspections | 1,263 | 1,391 | 1,185 | 1,257 | 1,333 | 1,414 |
| Create, maintain and disseminate driver records | | | | | | |
| Documents imaged | 288,339 | 221,313 | 225,140 | 231,894 | 238,851 | 246,017 |
| Convictions recorded | 97,611 | 104,821 | 101,720 | 104,772 | 107,915 | 111,152 |
| Administer license revocations, suspension, cancellations and reinstatements | | | | | | |
| Revocations, suspensions, cancellations, and probatory licenses issued | 29,811 | 30,754 | 31,598 | 32,546 | 33,522 | 34,528 |

Department of Justice-4110

Motor Vehicle Division-12

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 151.00 | 2.00 | (1.00) | 152.00 | 2.00 | (1.00) | 152.00 |
| Personal Services | 4,510,760 | 662,927 | (32,418) | 5,141,269 | 660,604 | (32,329) | 5,139,035 |
| Operating Expenses | 3,898,236 | 73,737 | 50,000 | 4,021,973 | (77,128) | 0 | 3,821,108 |
| Equipment | 36,616 | (3,801) | 0 | 32,815 | (28,801) | 0 | 7,815 |
| Debt Service | 224,731 | 2,282,847 | 0 | 2,507,578 | (67,153) | 0 | 157,578 |
| Total Costs | \$8,670,343 | \$3,015,710 | \$17,582 | \$11,703,635 | \$487,522 | (\$32,329) | \$9,125,536 |
| General Fund | 4,925,852 | 687,947 | (32,418) | 5,581,381 | 504,047 | (32,329) | 5,397,570 |
| State/Other Special | 3,744,491 | 2,327,763 | 0 | 6,072,254 | (16,525) | 0 | 3,727,966 |
| Proprietary | 0 | 0 | 50,000 | 50,000 | 0 | 0 | 0 |
| Total Funds | \$8,670,343 | \$3,015,710 | \$17,582 | \$11,703,635 | \$487,522 | (\$32,329) | \$9,125,536 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$143,414 | \$86,048 |
| FY07 | \$132,473 | \$79,484 |

PL - 8 - Base Adjustments MVD Field Operations Bureau -

Base budget adjustments are necessary to allow the Motor Vehicle Division to continue to meet its on-going driver licensing and driver control responsibilities. There are adjustments in the areas of overtime, rent, vehicle maintenance, and dues as well as adding 2.00 FTE.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$282,847 | \$0 |
| FY07 | (\$67,153) | \$0 |

PL - 10 - Base Adjustments for HB 577 Debt Payments -

Budget adjustments for HB 577 debt payments are necessary to fund the Motor Vehicle System, phase one, Titling System project. This \$282,847 combined with the base budget make a total of \$350,000 in state special revenue authority that is requested as a biennial appropriation and is placed in FY 2006.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$192,470 | \$192,470 |
| FY07 | \$0 | \$0 |

PL - 11 - Required New General Issue License Plates - OTO -

The laws found in 61-3-332(4)(b), MCA, require the manufacture and issuance of new general issue motor vehicle license plates beginning January 1, 2006. A one-time-only present law base adjustment of \$192,470 in general fund is requested for FY 2006.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$68,663 | \$41,198 |
| FY07 | \$89,692 | \$53,815 |

PL - 36 - Base Adjustments MVD Title and Registration Bureau -

Base budget adjustments are necessary in the areas of overtime, legal fees and court costs, printing, postage, telephone equipment maintenance, and rent. The Executive recommends total present law base adjustments of \$68,663 in FY 2006 and \$89,692 in FY 2007 in state special revenue and general fund.

**Department of Justice-4110
Motor Vehicle Division-12**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,000,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 37 - Base Adjustments for HB 261 Debt Payments -

Budget adjustments for HB 261 debt payments are necessary to fund the Motor Vehicle System , phase two, Vehicle Registration and Driver Licensing/Driver Control System project. A total of \$2,000,000 in state special revenue authority is requested as a biennial appropriation and is placed in FY 2006.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$7,632) | \$0 |
| FY07 | (\$7,632) | \$0 |

PL- 121 - Eliminate OTO Organ Donor Registry -

The Executive requests the elimination of FY 2004 one time only startup expenses for the organ donor registry (2003 Legislature HB 557). Ongoing costs for the monthly updates to the organ donor registry are included in the MVD present law budget. A reduction in state special revenue of \$7,632 is requested.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$40,205) | (\$40,205) |
| FY07 | (\$40,205) | (\$40,205) |

PL- 123 - HB261 One Time Backfill costs Reduction -

In FY 2004, the division had savings in personal services due to HB 2 positions being transferred to and paid from HB 261 monies instead of general fund. This created general fund savings which were used to pay a contractor to replace the transferred positions. For FY 2006 and FY 2007, the positions are budgeted in HB 2 so contractor costs should not be budgeted with HB 2 monies. The general fund reduction is \$40,205 per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$43,045) | (\$43,045) |
| FY07 | (\$43,045) | (\$43,045) |

PL- 124 - Field Ops - One Time Only Expenditure Reduction -

In FY 2004 the division contracted for remodeling of the Billings driver licensing facility at a cost of \$43,045. Since this was the base year this amount carried over to FY 2006 and FY 2007. These general fund remodeling costs are one-time expenses that can be reduced from the FY 2006 and FY 2007 budget.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$28,801) | (\$28,801) |
| FY07 | (\$28,801) | (\$28,801) |

PL- 125 - Records/Drvs Control - one time cost reduction -

In the base year of FY 2004 the division purchased modular workstations for a work area in the Records and Drivers Control Bureau at a cost of \$28,801. While the purchase was needed and very beneficial, these general fund costs are carried over in the FY 2006 and FY 2007 budget, and can be reduced since they were one-time costs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$50,000) | (\$50,000) |
| FY07 | (\$50,000) | (\$50,000) |

PL- 126 - Title & Registration. - One Time Expenditure Reduction -

Near the end of base year, the division purchased additional postage to insure an adequate amount would be available for the next fiscal year. This was a general fund cost of \$50,000 and can be considered a one-time expenditure for FY 2004. This amount can be reduced from the FY 2006 and FY 2007 budgets.

**Department of Justice-4110
Motor Vehicle Division-12**

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 12 - MVD Proprietary Account Spending Authority -

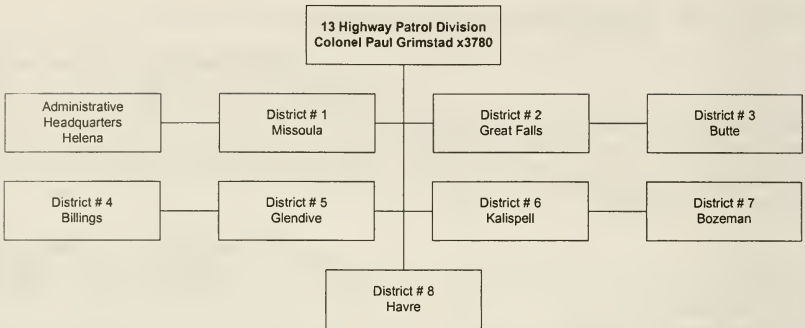
Spending authority is requested for costs of development, maintenance and distribution of information in the state's motor vehicle and driver licensing database applications. A 2007 biennial spending authorization in the amount of \$50,000 of proprietary funding is requested. This request is to cover the costs associated with the development of new business not in the base budget.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$32,418) | (\$32,418) |
| FY07 | (\$32,329) | (\$32,329) |

NP- 127 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. The 1.00 FTE and \$32,418 in FY 2006 and \$32,329 in FY 2007 general fund are removed from the budget permanently.

Department of Justice-4110 Highway Patrol Division-13



Program Description - The Highway Patrol Division (HPD) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists and first aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour-a-day, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies.

The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program, which includes all levels of inspections as well as safety review audits.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Increase seatbelt enforcement by 2% per year | 12,704 | 15,591 | 17,102 | 17,444 | 17,793 | 18,149 |
| Install mobile data terminals in 10% of Patrol cars per year | 10 | 29 | 33 | 21 | 21 | 21 |
| Increase commercial vehicle inspections by 3% per year | 12,164 | 12,097 | 11,411 | 11,753 | 12,106 | 12,469 |
| Maintain Patrol traffic availability | 46.7% | 45.64% | 44.23% | 45.12% | 46.03% | 46.96% |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 274.55 | 0.00 | (7.38) | 267.17 | 0.00 | (10.50) | 264.05 |
| Personal Services | 13,566,678 | 822,355 | (133,226) | 14,255,807 | 824,079 | (199,496) | 14,191,261 |
| Operating Expenses | 4,636,800 | 1,470,047 | (240,937) | 5,865,910 | (506,689) | (333,981) | 3,796,130 |
| Equipment | 1,379,551 | 168,504 | (49,626) | 1,498,429 | 234,360 | (67,244) | 1,546,667 |
| Total Costs | \$19,583,029 | \$2,460,906 | (\$423,789) | \$21,620,146 | \$551,750 | (\$600,721) | \$19,534,058 |
| State/Other Special | 18,718,765 | 2,330,804 | 282,469 | 21,332,038 | 435,240 | 380,053 | 19,534,058 |
| Federal Special | 864,264 | 130,102 | (706,258) | 288,108 | 116,510 | (980,774) | 0 |
| Total Funds | \$19,583,029 | \$2,460,906 | (\$423,789) | \$21,620,146 | \$551,750 | (\$600,721) | \$19,534,058 |

Department of Justice-4110 Highway Patrol Division-13

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$923,143 | \$0 |
| FY07 | \$1,017,204 | \$0 |

PL- 13 - Base Adjustment MHP Operations -

The requested base adjustments are due to increased operating costs in areas where the MHP has little or no control. Some of these areas are also zero-based. The major increases occur in overtime, rent, prisoner per diem, maintenance contracts and equipment. A total of \$1,940,347 is requested in state special revenue gas tax.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$410,646 | \$0 |
| FY07 | \$393,846 | \$0 |

PL- 14 - Base Adjustments MCSAP -

The Motor Vehicle Inspection Section is responsible for the Motor Carrier Safety Assistance program (MCSAP) for the entire state. Section personnel perform inspections and enforce federal and state regulations regarding hazardous material and safety for inter-state and intra-state commercial motor carriers. The requested increases include overtime, training and equipment. A total of \$804,492 is requested for the biennium of which \$763,594 is federal funds and \$40,898 is state gas tax funds.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$21,083 | \$0 |
| FY07 | \$21,083 | \$0 |

PL- 38 - Base Adjustment Recruit School -

The MHP conducts an annual Recruit Training School to train new recruits to fill vacancies. The Recruit Training School consists of 16 weeks of on-campus training and eight weeks of field training. The requested increase is due to overtime, differential pay and rising training costs/travel for the recruit school during the eight weeks of field training. A total increase of \$42,166 in state special revenue gas tax is requested for the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$9,903) | \$0 |
| FY07 | (\$9,903) | \$0 |

PL- 131 - Exempt Staff Pay Raise Reduction -

The Executive requests that exempt staff pay raises be reduced to the FY 2004 base level which is a reduction in state special revenue of \$9,903 per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,065,090 | \$0 |
| FY07 | (\$923,252) | \$0 |

PL- 132 - Biennial Appropriation for Prisoner Per Diem -

The Executive recommends an increase to the agency's biennial appropriation for prisoner per diem of \$1,065,090 to be paid out of the state special revenue gas tax account. This request is a three percent increase over the base expenditure and is being increased in anticipation of some increased per-day costs at certain facilities and an increase in the number of prisoners being held. This request, along with the base budget, will create a biennial appropriation of \$1,988,342 for prisoner per diem.

Department of Justice-4110 Highway Patrol Division-13

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$158,065 | \$0 |
| FY07 | \$104,270 | \$0 |

NP- 15 - MCSAP New Entrant Program -

The Executive recommends \$158,065 in FY 2006 and \$104,270 in FY 2007 to implement the MCSAP New Entrant Program. This program is 100 percent federally funded. The Federal Highway Administration has authorized MCSAP funds to be used for the New Entrant Program that provides new commercial motor vehicle companies with assistance in setting up driver education and commercial vehicle safety programs.

-----Other Legislation Required to Implement HB2-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$407,283 | \$0 |
| FY07 | \$543,074 | \$0 |

NP- 135 - Restore Vacancy Savings for Patrol Officers -

LC # 125 requested by the State Administration and Veterans' Affairs Interim Committee, statutorily exempts the Montana Highway Patrol from vacancy savings. This decision package adds back vacancy savings to the Highway Patrol and is contingent on the passage and approval of both LC # 125 and a bill that transfers the Motor Carriers Safety Assistance Program (MCSAP) program to the Department of Transportation.

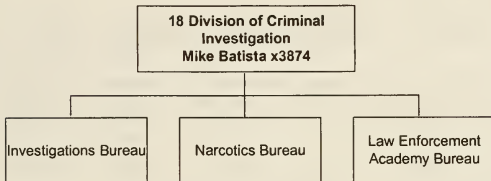
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | (\$989,137) | \$0 |
| FY07 | (\$1,248,065) | \$0 |

NP- 136 - Transfer MCSAP Program to Dept of Transportation -

By mutual agreement of the Department of Justice, the Department of Transportation, and the Governor's Office, it has been determined that efficiencies could be realized by moving the Motor Carriers Safety Assistance Program (MCSAP) to the DOT. This would consolidate all commercial motor vehicle regulation functions in one group. This move would be effective Oct 1, 2005, which is the start of the new federal fiscal year and would be contingent on the passage and approval of the bill that makes the move statutorily and LC# 125.

Department of Justice-4110

Division of Criminal Investigation-18



Program Description - The Division of Criminal Investigation includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, and the Law Enforcement Academy Bureau.

The Investigations Bureau consists of four sections. The Fire Prevention and Investigation Section is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Investigative Support Section is responsible for investigating crimes involving the use of computers; maintaining the Sexual and Violent Offender Registry; providing advanced training opportunities for law enforcement officials statewide; establishing a statewide intelligence center; and addressing homeland security issues. The Major Case Section provides criminal investigative assistance to city, county, state and federal law enforcement agencies. The Medicaid Fraud Control Section is responsible for investigating any crime that occurs in a health care facility, including theft, drug diversion, sexual assault and homicide. The section also investigates elder exploitation, elder abuse and fraud by providers within the Medicaid system.

The Narcotics Bureau investigates dangerous drug violations and provides investigative assistance to city, county, state and federal law enforcement agencies as requested. The bureau also investigates organized criminal activity and assists the Investigations Bureau in its investigations.

The Law Enforcement Academy Bureau provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Investigations and cases | 478 | 605 | 593 | 600 | 600 | 600 |
| Fire/Life Safety Inspections | 1,044 | 761 | 740 | 750 | 750 | 750 |
| Training provided by non-MLEA staff | 279 | 226 | 198 | 200 | 200 | 200 |
| Number of Programs offered by MLEA | 568 | 333 | 382 | 400 | 400 | 400 |
| Officers trained at MLEA | 1,824 | 1,255 | 783 | 1,000 | 1,000 | 1,000 |
| Officers trained regionally for POST credit | 6,963 | 4,167 | 5,249 | 5,500 | 5,500 | 5,500 |

Department of Justice-4110
Division of Criminal Investigation-18

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 77.50 | (4.00) | 6.00 | 79.50 | (3.00) | 6.00 | 80.50 |
| Personal Services | 3,075,309 | 603,078 | 290,791 | 3,969,178 | 660,753 | 289,798 | 4,025,860 |
| Operating Expenses | 1,693,910 | 242,260 | 346,704 | 2,282,874 | 314,489 | 346,902 | 2,355,301 |
| Equipment | 25,136 | 60,000 | 16,757 | 101,893 | 60,000 | 16,757 | 101,893 |
| Debt Service | 15,992 | 0 | 22,050 | 38,042 | 0 | 22,050 | 38,042 |
| Total Costs | \$4,810,347 | \$905,338 | \$676,302 | \$6,391,987 | \$1,035,242 | \$675,507 | \$6,521,096 |
| General Fund | 2,639,892 | 147,398 | 0 | 2,787,290 | 277,775 | 0 | 2,917,667 |
| State/Other Special | 884,362 | 683,836 | 75,894 | 1,644,092 | 661,529 | 75,894 | 1,621,785 |
| Federal Special | 1,286,093 | 74,104 | 600,408 | 1,960,605 | 95,938 | 599,613 | 1,981,644 |
| Total Funds | \$4,810,347 | \$905,338 | \$676,302 | \$6,391,987 | \$1,035,242 | \$675,507 | \$6,521,096 |

-----**Present Law Adjustments**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$180,530 | \$0 |
| FY07 | \$180,530 | \$0 |

PL- 18 - Montana Law Enforcement Academy Base Adjustment -

The Division of Criminal Investigation requests \$361,060 of state special revenue for the biennium to raise the spending authority of the Montana Law Enforcement Academy (MLEA) to that level appropriated in FY 2004. No general fund is requested. Spending in the base year was much less than was appropriated due a cash shortage in the new MLEA Surcharge Account.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$61,451 | \$61,451 |

PL- 19 - One Narcotics Regional Agent in Charge -Miles City -

The Division of Criminal Investigation requests \$61,451 of general fund and 1.00 FTE in the second year of the biennium to fund a supervisor in the division's Miles City Narcotics office for the Eastern Montana Drug Task Force.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$95,578 | \$75,578 |
| FY07 | \$97,032 | \$97,032 |

PL- 20 - Reinstate Vehicle Replacement Program -

The Division of Criminal Investigation (DCI) requests a total of \$192,610 (\$172,610 of general fund and \$20,000 of state special revenue authority) for the biennium to reinstate the division's vehicle replacement program. This request allows the division to purchase six vehicles over the biennium (1 for the workers compensation fraud investigator and 5 for narcotics investigators) and lease 4 pickup trucks for the deputy state fire marshals and 3 sedans for general investigators.

Department of Justice-4110
Division of Criminal Investigation-18

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$29,105 | \$7,276 |

PL- 21 - Medicaid Fraud Program - COLA -

The Division of Criminal Investigation requests \$7,276 of general fund and \$21,829 of federal special revenue to pay for increases in the present law base of the Medicaid Fraud Control Unit. Each year, the Medicaid Fraud grant allows for a 5 percent cost-of-living adjustment. Given the increasing workload and increasing cost of doing business, this increase is necessary to continue current operations.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$42,000 | \$42,000 |

PL- 22 - Present Law Base Adjustment for Division -

The Division of Criminal Investigation requests \$42,000 of general fund in the second year of the biennium to pay for miscellaneous increases to the present law base of the division.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$170,034) | \$0 |
| FY07 | (\$169,640) | \$0 |

PL- 181 - Decrease FTE Due to Lack of Funding -

The Division of Criminal Investigation requests the reduction of 4.00 FTE that were funded with federal special revenue authority. The division no longer has federal funding for these positions. This request reduces federal special revenue authority by \$170,034 in FY 2006 and \$169,640 in FY 2007.

-----**New Proposals**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$423,322 | \$0 |
| FY07 | \$422,527 | \$0 |

NP- 16 - Funding Authority - Homeland Security -

The Division of Criminal Investigation (DCI) requests \$845,849 of federal special revenue authority and 5.00 FTE for the biennium to allow for the continuation of the Homeland Security efforts now underway. No general fund is requested. Funding authority is necessary to continue the Memorandum of Understanding (MOU) with the Department of Military Affairs, Disaster and Emergency Services, for the Homeland Security program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$252,980 | \$0 |
| FY07 | \$252,980 | \$0 |

NP- 17 - Funding Authority - Tri-Agency Drug Task Force -

The Division of Criminal Investigation (DCI) requests \$505,960 of state special and federal special revenue authority and 1.00 FTE for the biennium to continue the Tri-Agency Drug Task Force. Although DCI assumed management of the task force in FY 2005, the Tri-Agency Drug Task Force is a grant funded drug task force that has been in existence for over 15 years, headquartered out of Havre, Montana.

Department of Justice-4110 **County Attorney Payroll-19**

19 County Attorney Payroll

Program Description - The County Attorney Payroll program pays approximately half of the salary and benefits for the attorneys who serve Montana's 56 counties, as required by 7-4-2502, MCA. County compensation boards within each county determine county attorney salaries. By law, the state's contribution is limited to the general fund amount the Legislature appropriates for this program. The state's contribution may be less than half of the board-approved salary.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 21.55 | 0.00 | 0.00 | 21.55 | 0.00 | 0.00 | 21.55 |
| Personal Services | 1,739,734 | 69,489 | 0 | 1,809,223 | 70,415 | 0 | 1,810,149 |
| Total Costs | \$1,739,734 | \$69,489 | \$0 | \$1,809,223 | \$70,415 | \$0 | \$1,810,149 |
| General Fund | 1,739,734 | 69,489 | 0 | 1,809,223 | 70,415 | 0 | 1,810,149 |
| Total Funds | \$1,739,734 | \$69,489 | \$0 | \$1,809,223 | \$70,415 | \$0 | \$1,810,149 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$63,000 | \$63,000 |
| FY07 | \$63,000 | \$63,000 |

PL- 23 - County Attorney Pay - State Share -

The Executive recommends \$63,000 general fund per year to fund the anticipated increase in county attorney pay for the next biennium. Statute allows for the state to pay 50 percent of County Attorney salaries or less if the legislative appropriation is less than the 50 percent amount. Without this increase the disparity between the amount paid by the counties and the state will continue to grow.

Department of Justice-4110 Central Services Division-28

**28 Central Services Division
Doug Booker x5842**

Program Description - The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 16.00 | 0.00 | 0.00 | 16.00 | 0.00 | 0.00 | 16.00 |
| Personal Services | 678,804 | 98,743 | 0 | 777,547 | 98,502 | 0 | 777,306 |
| Operating Expenses | 141,963 | 49,964 | 0 | 191,927 | (11,426) | 0 | 130,537 |
| Total Costs | \$820,767 | \$148,707 | \$0 | \$969,474 | \$87,076 | \$0 | \$907,843 |
| General Fund | 344,241 | 13,227 | 0 | 357,468 | (10,193) | 0 | 334,048 |
| State/Other Special | 457,189 | 98,389 | 0 | 555,578 | 63,876 | 0 | 521,065 |
| Proprietary | 19,337 | 37,091 | 0 | 56,428 | 33,393 | 0 | 52,730 |
| Total Funds | \$820,767 | \$148,707 | \$0 | \$969,474 | \$87,076 | \$0 | \$907,843 |

-----Present Law Adjustments-----

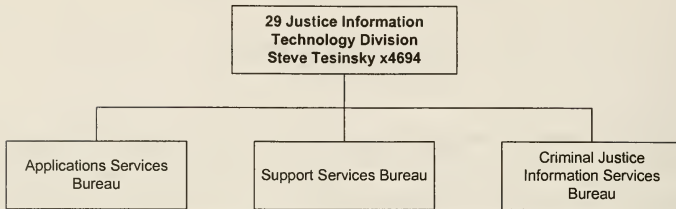
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$8,797) | (\$3,255) |
| FY07 | (\$8,797) | (\$3,255) |

PL- 283 - Exempt Staff Pay Raise Reduction -

The Executive requests that exempt staff pay raises be reduced down to the FY 2004 base level.

Department of Justice-4110

Information Technology Service-29



Program Description - The Justice Information Technology Services Division provides a full range of information technology and criminal justice services for the department, including; 1) system development and maintenance of the motor vehicle titling and registration system; 2) the driver license and history system; 3) the criminal history record information system and the Montana Uniform Crime Reporting System; 4) support for the Department of Justice internal computers and systems; 5) identification services for the criminal justice community through criminal history record checking and fingerprint processing; and 6) system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|---------------|---------------|---------------|------------------|------------------|------------------|
| Perform Criminal history record checks | | | | | | |
| Checks for the Public | 61,308 | 61,149 | 63,197 | 66,639 | 68,700 | 70,761 |
| Checks for criminal justice agencies | 232,099 | 263,488 | 247,703 | 268,682 | 270,000 | 270,000 |
| Process fingerprint cards | | | | | | |
| Criminal arrest cards | 13,084 | 20,264 | 22,809 | 27,600 | 29,000 | 30,500 |
| Civil cards | 5,488 | 10,479 | 11,826 | 14,700 | 19,100 | 24,800 |
| Assist and train law enforcement | | | | | | |
| Calls to Help-desk | 7,626 | 6,934 | 8,733 | 8,800 | 8,000 | 7,500 |
| Participants in instructor-led courses | 1,416 | 1,254 | 779 | 1,000 | 900 | 900 |
| Participants in web-based courses | 2,610 | 2,950 | 4,614 | 5,000 | 6,000 | 7,000 |
| Maintain Criminal Justice Information Network (CJIN) workstations statewide | | | | | | |
| Mobile (in-car workstations) | 208 | 300 | 310 | 350 | 375 | 400 |
| Web-based users | 10 | 20 | 20 | 350 | 400 | 450 |
| Provide System Support of the Statewide Criminal Justice Information Network | | | | | | |
| Person Hours | | 8250 | 10,800 | 12,600 | 12,850 | 12,850 |
| Provide Support of Department of Justice Workstations, Servers and Networks | | | | | | |
| Person Hours (FTE + Contractor) | | 10,525 | 25,200 | 28,800 | 30,000 | 30,000 |
| Programming Development Effort | | | | | | |
| Person Hours (FTE + Contractors) | | 15,770 | 18,265 | 19,800 | 21,000 | 21,050 |

Department of Justice-4110

Information Technology Service-29

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 51.00 | 2.00 | (2.50) | 50.50 | 2.00 | (2.52) | 50.48 |
| Personal Services | 1,963,099 | 456,378 | (213,215) | 2,206,262 | 454,640 | (213,448) | 2,204,291 |
| Operating Expenses | 1,919,431 | (50,496) | 0 | 1,868,935 | (47,545) | 0 | 1,871,886 |
| Equipment | 132,986 | 0 | 0 | 132,986 | 0 | 0 | 132,986 |
| Total Costs | \$4,015,516 | \$405,882 | (\$213,215) | \$4,208,183 | \$407,095 | (\$213,448) | \$4,209,163 |
| General Fund | 2,862,503 | 267,367 | (213,215) | 2,916,655 | 267,676 | (213,448) | 2,916,731 |
| State/Other Special | 1,063,270 | 134,035 | 0 | 1,197,305 | 135,126 | 0 | 1,198,396 |
| Federal Special | 83,223 | (2,321) | 0 | 80,902 | (2,508) | 0 | 80,715 |
| Proprietary | 6,520 | 6,801 | 0 | 13,321 | 6,801 | 0 | 13,321 |
| Total Funds | \$4,015,516 | \$405,882 | (\$213,215) | \$4,208,183 | \$407,095 | (\$213,448) | \$4,209,163 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$62,969 | \$0 |
| FY07 | \$62,870 | \$0 |

PL- 24 - Security and Disaster Recovery Officer -

State special revenue funding for 1.00 FTE for a Security and Disaster Recovery Officer is needed for the Department of Justice, Information Technology Services Division, beginning in FY 2006. The cost of this position is \$62,969 in FY 2006 and \$62,870 in FY 2007. The Security and Disaster Recovery Officer would be responsible to direct the information technology security program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 25 - Programmer/Analyst FTE -

A 1.00 FTE Motor Vehicles Division programmer/analyst is needed for the Department of Justice, Information Technology Services Division beginning in FY 2006, utilizing current level funding from contracted services with a net zero request for spending authority. The programmer/analyst position will provide a combination of legacy system maintenance as well as new system development & maintenance.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 26 - Data Base Analyst for FileNet -

A 1.00 FTE database administrator is needed beginning in FY 2006, utilizing current level funding from contracted services with a net zero request for spending authority.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 27 - Business Systems Analyst FTE -

A 1.00 FTE business systems analyst is needed for the Information Technology Services Division beginning in FY 2006, utilizing current level funding from contracted services with a net zero request for spending authority. The position is necessary to help the Applications Services Bureau meet requests for service.

Department of Justice-4110

Information Technology Service-29

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 28 - Systems Production Support and Maintenance FTE -

A 1.00 FTE systems production support and maintenance employee is requested beginning in FY 2006, utilizing current level funding from contracted services with a net zero request for spending authority.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$70,000 | \$0 |
| FY07 | \$70,000 | \$0 |

PL- 29 - FBI Background Check Pass-thru Authority -

Additional pass through spending authority is requested to transfer monies owed to the FBI for those fingerprint background checks that are conducted by the FBI on behalf of the Department of Justice. Based on current knowledge and industry trends, additional authority of \$70,000 per year will be necessary. Legislation is proposed to allow for additional pass-thru authority, if necessary.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$61,189) | \$0 |
| FY07 | (\$61,021) | \$0 |

PL- 291 - Eliminate Positions where Federal Funding was Lost -

The Executive requests the elimination of 2.00 FTE. These positions were funded from a federal grant that has since expired and thus are no longer funded.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$147,927) | (\$147,927) |
| FY07 | (\$147,927) | (\$147,927) |

PL- 292 - HB261 Backfill Contract - One Time Only Reduction -

ITSD had several positions budgeted in HB 2 that actually worked and were paid under HB 261. This resulted in savings to HB 2 that were utilized to pay for contractors to perform the work of the transferred employees. For FY 2006 and FY 2007 these positions are fully budgeted in HB 2 so the contract is not necessary. This general fund reduction amounts to \$147,927 general fund in each year of the biennium.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$213,215) | (\$213,215) |
| FY07 | (\$213,448) | (\$213,448) |

NP- 293 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. The 1.50 FTE and approximately \$213,000 general fund per year are removed from the budget permanently.

Department of Justice-4110 Forensic Science Division-32

**32 Forensic Science Division
Bill Unger 329-1103**

Program Description - The Forensic Science Division includes the State Crime Lab in Missoula and the State Medical Examiner. The division provides a statewide system of death investigation, forensic science training and scientific criminal investigation. The division conducts analysis on specimens submitted by law enforcement officials, coroners and other state agencies. The division tests firearms, tool marks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood and urine samples in connection with driving under the influence (DUI) cases and it provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Cases Received from Law Enforcement | 5,038 | 5,473 | 5,603 | 6,141 | 6,730 | 7,377 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 25.50 | 2.25 | 0.00 | 27.75 | 3.25 | 0.00 | 28.75 |
| Personal Services | 1,538,248 | 262,011 | 0 | 1,800,259 | 321,237 | 0 | 1,859,485 |
| Operating Expenses | 1,060,830 | 62,893 | 0 | 1,123,723 | 67,009 | 0 | 1,127,839 |
| Equipment | 78,803 | 0 | 0 | 78,803 | 0 | 0 | 78,803 |
| Debt Service | 4,566 | 0 | 0 | 4,566 | 0 | 0 | 4,566 |
| Total Costs | \$2,682,447 | \$324,904 | \$0 | \$3,007,351 | \$388,246 | \$0 | \$3,070,693 |
| General Fund | 2,289,044 | 323,969 | 0 | 2,613,013 | 387,180 | 0 | 2,676,224 |
| State/Other Special | 303,204 | 0 | 0 | 303,204 | 0 | 0 | 303,204 |
| Federal Special | 90,199 | 935 | 0 | 91,134 | 1,066 | 0 | 91,265 |
| Total Funds | \$2,682,447 | \$324,904 | \$0 | \$3,007,351 | \$388,246 | \$0 | \$3,070,693 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$31,145 | \$31,145 |
| FY07 | \$31,145 | \$31,145 |

PL- 30 - Base Adjustment-Annualize Rent -

This request is to annualize a rent increase, as negotiated by the Department of Administration, for the 2007 biennium. The lease is for 31,145 sq. ft. The annual increase is \$31,145 per year general fund.

Department of Justice-4110 **Forensic Science Division-32**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$61,503 | \$61,503 |
| FY07 | \$61,430 | \$61,430 |

PL- 31 - Forensic Scientist - Chemist -

The division is requesting a Forensic Scientist Chemist to reduce the backlog that threatens successful prosecution and accreditation of Montana's sole forensic lab. The FTE requested is funded from general fund monies for \$61,503 in FY 2006 and \$61,430 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$61,503 | \$61,503 |
| FY07 | \$61,430 | \$61,430 |

PL- 32 - Forensic Science - Serologist/DNA -

The division is requesting a Forensic Scientist Serologist/DNA to reduce the backlog that threatens successful prosecution. The Forensic Science Division is Montana's sole forensic laboratory. The FTE requested is funded from general fund monies for \$61,503 in FY 2006 and \$61,430 for FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$61,430 | \$61,430 |

PL- 34 - Forensic Scientist - Toxicologist -

The division is requesting a Forensic Scientist Toxicologist to reduce the backlog and address the continued increase of case submittals. The Forensic Science Division is Montana's sole forensic laboratory. The FTE requested is funded from general fund monies of \$61,430 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$158,495 | \$158,495 |
| FY07 | \$158,649 | \$158,649 |

PL- 35 - Forensic Pathologist -

The division is requesting a Pathologist Associate Medical Examiner to address the increased number of autopsies conducted at the lab. The Forensic Science Division is Montana's sole forensic laboratory. The FTE requested is funded from general fund monies of \$158,495 in FY 2006 and \$158,649 in FY 2007. The division currently charges counties for autopsy services and as the lab is able to conduct more autopsies, the income from this position is expected to pay for its expenses.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$37,230) | \$0 |
| FY07 | (\$37,127) | \$0 |

PL- 321 - FTE Reduction Due to Lack of Federal Funding -

An 0.75 FTE reduction is necessary out of current level as HIDTA federal funding was not received by the department. The Executive recommends the FTE be reduced and \$37,230 in FY 2007 and \$37,127 in FY 2007 of federal authority also be reduced from the department's base budget.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$8,799) | (\$8,799) |
| FY07 | (\$8,799) | (\$8,799) |

PL- 322 - Exempt Staff Pay Raise Reduction -

The Executive recommends that the exempt staff pay raises be reduced to the FY 2004 base level.

Public Service Regulation-4201

Public Service Regulation Program-01

4201 Public Service Regulation
X6199

01 Public Service
Commission

Mission Statement - To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

Statutory Authority - Title 69

Program Description - The Department of Public Service Regulation (PSR) regulates the public utility and transportation industries. Five commissioners elected from districts throughout Montana oversee this program.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Dockets | 339 | 328 | 284 | 300 | 300 | 300 |
| Informal Utility Consumer Complaints | 2,614 | 2,430 | 1,924 | 2,000 | 2,000 | 2,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 39.00 | 0.00 | 0.00 | 39.00 | 0.00 | 0.00 | 39.00 |
| Personal Services | 2,192,162 | 87,689 | 0 | 2,279,851 | 86,517 | 0 | 2,278,679 |
| Operating Expenses | 491,108 | 167,017 | 0 | 658,125 | 7,375 | 0 | 498,483 |
| Total Costs | \$2,683,270 | \$254,706 | \$0 | \$2,937,976 | \$93,892 | \$0 | \$2,777,162 |
| State/Other Special | 2,669,538 | 254,706 | 0 | 2,924,244 | 93,892 | 0 | 2,763,430 |
| Federal Special | 13,732 | 0 | 0 | 13,732 | 0 | 0 | 13,732 |
| Total Funds | \$2,683,270 | \$254,706 | \$0 | \$2,937,976 | \$93,892 | \$0 | \$2,777,162 |

Public Service Regulation-4201

Public Service Regulation Program-01

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$48,274 | \$0 |
| FY07 | \$4,095 | \$0 |

PL- 1 - Computer Replacement -

The Public Service Commission (PSC) will replace 26 desktops, six laptops, and one server in FY 2006 and seven desktops and one laptop in FY 2007. This computer replacement request, based on the approved four-year replacement cycle, is \$48,274 state special revenue in FY 2006 and \$4,095 state special revenue in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,500 | \$0 |
| FY07 | \$7,500 | \$0 |

PL- 2 - Travel/Training -

The budget request includes an increase in travel budget of \$7,500 each year as a result of two main factors. The primary factor is that three new Commissioners will take office in January 2005. Commissioners without a regulatory background usually attend training, which is not available in Montana. This travel/training is in addition to their normal travel. The second factor is the increased responsibilities that come with the PSC's monitoring and participation in the Regional Transmission Organizations which will require extra travel by staff and Commissioners.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$84,500 | \$0 |
| FY07 | (\$15,500) | \$0 |

PL- 3 - Consultant Funds -

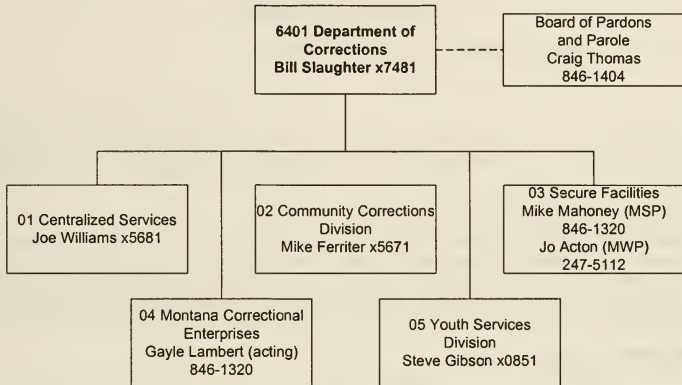
The Public Service Commission (PSC) requests \$84,500 state special revenue funding in FY 2006 for hiring consultants. This would restore the amount of the consultant fund request to \$100,000 for the biennium, which is the same as was approved by the 2003 Legislature. The request also includes a reduction of \$15,500 in FY 2007 to remove that funding from the base. These funds would be used by the PSC to contract with consultants when additional workloads occur or a special project arises such as the recent NorthWestern Energy Bankruptcy case.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,305 | \$0 |
| FY07 | \$15,690 | \$0 |

PL- 4 - Building Rent -

The office rent will increase, based on a contract negotiated by the Department of Administration, \$10,305 in FY 2006 and \$15,690 in FY 2007.

Department of Corrections-6401



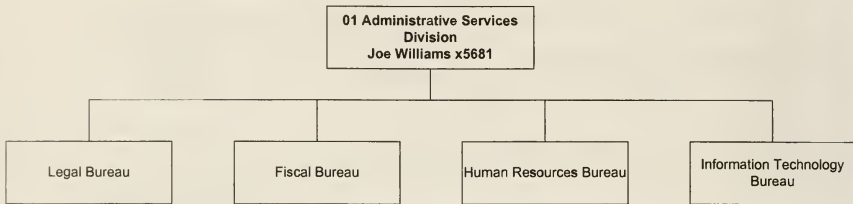
Mission Statement - The Department of Corrections is dedicated to public safety and trust by holding adult and juvenile offenders accountable for their actions against victims through custody, supervision, treatment, work, restitution and skill development.

Statutory Authority - Provided for in 2-15-2301, 53-1-201 and 53-1-202, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 1,095.05 | 10.70 | 0.00 | 1,105.75 | 14.70 | 0.00 | 1,109.75 |
| Personal Services | 46,769,287 | 2,756,947 | 0 | 49,526,234 | 2,910,278 | 0 | 49,679,565 |
| Operating Expenses | 53,475,361 | 10,060,494 | 1,421,098 | 64,956,953 | 11,429,082 | 174,574 | 65,079,017 |
| Equipment | 186,727 | 0 | 0 | 186,727 | 0 | 0 | 186,727 |
| Benefits & Claims | 6,072,076 | 0 | 0 | 6,072,076 | 0 | 0 | 6,072,076 |
| Debt Service | 292,045 | 0 | 0 | 292,045 | (108,354) | 0 | 183,691 |
| Total Costs | \$106,795,496 | \$12,817,441 | \$1,421,098 | \$121,034,035 | \$14,231,006 | \$174,574 | \$121,201,076 |
| General Fund | 104,019,287 | 11,863,532 | 1,421,098 | 117,303,917 | 13,286,291 | 174,574 | 117,480,152 |
| State/Other Special | 2,084,959 | 602,510 | 0 | 2,687,469 | 599,459 | 0 | 2,684,418 |
| Federal Special | 228,677 | 326,175 | 0 | 554,852 | 326,175 | 0 | 554,852 |
| Proprietary | 462,573 | 25,224 | 0 | 487,797 | 19,081 | 0 | 481,654 |
| Total Funds | \$106,795,496 | \$12,817,441 | \$1,421,098 | \$121,034,035 | \$14,231,006 | \$174,574 | \$121,201,075 |

Department of Corrections-6401

Administrative and Support Services-01



Program Description - The Administration and Support Services Program includes the Director's Office, Centralized Services Division and the administratively attached Board of Pardons. This program provides to the department, government entities and the public: various administrative and management support; human resource, budget, accounting, information technology; legal information; technical correctional services; policy and staff development; and research and statistics.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| VINE: VINE Registered Numbers | 500 | 602 | 800 | 900 | 950 | 1,000 |
| VINE: Calls made into and out from VINE | 21,886 | 20,679 | 22,000 | 22,500 | 23,000 | 23,500 |
| Board of Pardons & Parole: Offenders Release to Parole | 489 | 511 | 474 | 620 | 644 | 667 |
| Board of Pardons & Parole: Parole Interviews | 1,064 | 1,059 | 913 | 1,054 | 1,067 | 1,079 |
| CSD: Percentage of staff working under current and proper job classified job profiles | | | | 75% | 90% | 95% |
| CSD: Percentage of staff with current performance appraisals and competency assessments completed | | | | 75% | 80% | 80% |
| CSD: Statistical Information Requests Completed | 192 | 216 | 225 | 300 | 250 | 250 |
| CSD: # of Help Desk calls resolved | 7,441 | 6,050 | 5,600 | 5,600 | 5,600 | 5,600 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 94.50 | 0.00 | 0.00 | 94.50 | 0.00 | 0.00 | 94.50 |
| Personal Services | 3,754,812 | 845,384 | 0 | 4,600,196 | 842,857 | 0 | 4,597,669 |
| Operating Expenses | 5,987,744 | (27,317) | 1,421,098 | 7,381,525 | (107,516) | 174,574 | 6,054,802 |
| Total Costs | \$9,742,556 | \$818,067 | \$1,421,098 | \$11,981,721 | \$735,341 | \$174,574 | \$10,652,471 |
| General Fund | 9,542,890 | 479,855 | 1,421,098 | 11,443,843 | 406,339 | 174,574 | 10,123,803 |
| State/Other Special | 105,261 | 376,338 | 0 | 481,599 | 373,287 | 0 | 478,548 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proprietary | 94,405 | (38,126) | 0 | 56,279 | (44,285) | 0 | 50,120 |
| Total Funds | \$9,742,556 | \$818,067 | \$1,421,098 | \$11,981,721 | \$735,341 | \$174,574 | \$10,652,471 |

Department of Corrections-6401

Administrative and Support Services-01

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$360,000 | \$0 |
| FY07 | \$360,000 | \$0 |

PL- 12 - Inmate Welfare Funds Authority -

HB 134, passed by the 2003 Legislature, as well as 53-1-109 and 17-7-502, MCA, require the department to move the inmate welfare funds onto the state accounting system in a state special revenue account. The Executive recommends \$360,000 per year to enable the department to expend inmate welfare funds.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$19,889 | \$0 |
| FY07 | \$19,889 | \$0 |

PL- 14 - Restitution Program Increase -

This state special revenue request for \$19,889 per year is to annualize the costs of operation of the restitution unit and cover increases due to additional workload as the success of this program continues.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$26,950 | \$26,950 |
| FY07 | \$26,950 | \$26,950 |

PL- 18 - Board Of Pardons Member Per Diem -

This is a request to restore the Montana Board of Pardons and Parole member's compensation as outlined in 2-25-124 (7), MCA. The Executive recommends \$26,950 per year in general fund authority to fully fund board compensation needs.

-----New Proposals-----

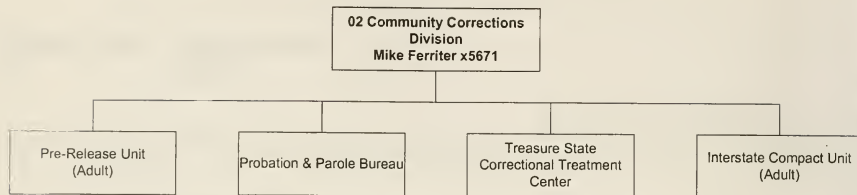
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,421,098 | \$1,421,098 |
| FY07 | \$174,574 | \$174,574 |

NP- 1 - Offender Tracking System – Restricted/OTO -

This one-time-only, restricted, and biennial request is for general fund authority to allow the Department of Corrections to fund the implementation of a comprehensive offender tracking system. The Executive recommends approximately \$1.6 million for the biennium to fund this request.

Department of Corrections-6401

Community Corrections-02



Program Description - The Community Corrections Division includes adult probation and parole, male and female community corrections programs, boot camp training unit and a DUI treatment facility. The department contracts with non-profit corporations in Great Falls, Butte, Missoula, Billings, and Helena for pre-release services.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|---------------|---------------|---------------|----------------------------------|----------------------------------|----------------------------------|
| Prerelease Centers Beds Available as of 6/30 | 520 | 520 | 551 | 599 | 599 | 599 |
| Recidivism Rates at Prerelease Centers | N/A | N/A | N/A | Males 180 Days | Males 180 Days | Males 180 Days |
| | | | | Females 180 Days | Females 180 Days | Females 180 Days |
| | | | | New Crime 7% Technical Viol. 30% | New Crime 7% Technical Viol. 29% | New Crime 7% Technical Viol. 28% |
| Length of Stay at 5 PRC's | N/A | N/A | N/A | | | |
| Recidivism Rates at TSCTC | N/A | N/A | N/A | 20% | 20% | 20% |
| Recidivism Rates at WATCH Program started in February 2002 | N/A | | | | | |

*DOC defines recidivism as a return to prison within 3 years of release

Probation & Parole Bureau

| Indicator | Actual FY2004 | | | Estimated FY2005 | | | Estimated FY2006 | | | Estimated FY2007 | | |
|--------------|----------------|-----------|---------------|------------------|-----------|---------------|------------------|-----------|---------------|------------------|-----------|---------------|
| | Work-Load | Total POs | Need | Work-Load | Total POs | Need | Work-Load | Total POs | Need | Work-Load | Total POs | Need |
| Region I | 16.650 | 14 | 2.650 | 17.233 | 14 | 3.233 | 17.836 | 14 | 3.836 | 18.460 | 14 | 4.460 |
| Region II | 25.114 | 24 | 1.114 | 25.993 | 24 | 1.993 | 26.903 | 24 | 2.903 | 27.845 | 24 | 3.845 |
| Region III | 19.359 | 17 | 2.359 | 20.037 | 17 | 3.037 | 20.738 | 17 | 3.738 | 21.464 | 17 | 4.464 |
| Region IV | 21.225 | 17 | 4.225 | 21.968 | 17 | 4.968 | 22.737 | 17 | 5.737 | 23.533 | 17 | 6.533 |
| Region V | 15.860 | 16 | 1.860 | 16.415 | 16 | .415 | 16.990 | 16 | .990 | 17.585 | 16 | 1.585 |
| Region VI | 5.715 | 6 | 0 | 5.915 | 6 | 0 | 6.122 | 6 | .122 | 6.336 | 6 | .336 |
| TOTAL | 103.923 | 94 | 12.208 | 107.561 | 94 | 13.646 | 111.326 | 94 | 17.326 | 115.223 | 94 | 21.223 |

*Workload - determines the time required to complete P&P duties as it correlates to the number of total hours worked

| Indicator | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|------------------------|---------------|------------------|------------------|------------------|
| Restitution Collection | *1.3 Million | 2.0 Million | 2.2 Million | 2.5 Million |

* Only 9 Months Collected
Goal To Increase By 5% Per Year

Department of Corrections-6401

Community Corrections-02

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 205.00 | 15.00 | 0.00 | 220.00 | 19.00 | 0.00 | 224.00 |
| Personal Services | 9,291,137 | 526,295 | 0 | 9,817,432 | 670,440 | 0 | 9,961,577 |
| Operating Expenses | 16,460,300 | 1,647,873 | 0 | 18,108,173 | 1,649,627 | 0 | 18,109,927 |
| Total Costs | \$25,751,437 | \$2,174,168 | \$0 | \$27,925,605 | \$2,320,067 | \$0 | \$28,071,504 |
| General Fund | 25,447,607 | 1,947,996 | 0 | 27,395,603 | 2,093,895 | 0 | 27,541,502 |
| State/Other Special | 303,830 | 226,172 | 0 | 530,002 | 226,172 | 0 | 530,002 |
| Total Funds | \$25,751,437 | \$2,174,168 | \$0 | \$27,925,605 | \$2,320,067 | \$0 | \$28,071,504 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$640,247 | \$640,247 |
| FY07 | \$782,230 | \$782,230 |

PL- 1 - Additional Probation & Parole Staff -

This request is for 15.00 FTE additional P&P staff in FY 2006 and 19.00 FTE P&P staff in FY 2007 and the related operating expenses. This increase will provide the department with the ability to better cope with an ever-increasing population in both secure and community settings. This Executive request funding from the general fund of \$640,247 in FY 2006 and \$782,230 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,335,622 | \$1,335,622 |
| FY07 | \$1,335,622 | \$1,335,622 |

PL- 2 - Maintain Community Corrections Programs -

The Executive requests \$1,335,622 general fund each year of the biennium for the purpose of maintaining adequate levels of community based correctional programming. With the ever-expanding growth in offender populations, it is imperative that the department expands prerelease and prerelease related functions to maintain an adequate balance of community options.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,976 | \$30,976 |
| FY07 | \$30,976 | \$30,976 |

PL- 5 - Community Corrections Overtime -

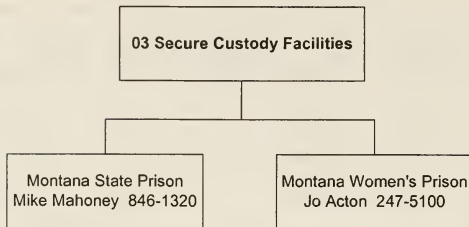
This request is for overtime, which is zero based, for the Treasure State Correctional Training center to cover all posts. The estimated amount of these costs is \$30,976 general fund each year of the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$226,172 | \$0 |
| FY07 | \$226,172 | \$0 |

PL- 13 - Supervision Fee Spending Authority -

This proposal would increase P&P Supervision Fee spending authority by \$226,172 each year. This request also includes \$30,000 of spending authority for the Interstate Compact Unit. All of the requested authority is state special revenue and is needed to keep up with the continual growth in offender population and the increased safety and training needs of the P&P staff.

Department of Corrections-6401 Secure Custody Facilities-03



Program Description - The Secure Facilities Program includes the Montana State Prison, Montana Women's Prison and contract bed facilities which include: Glendive Regional Prison, Cascade Regional Prison, Missoula Assessment and Sanction Center and Crossroads Regional Prison in Shelby.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Estimated FY2006 | Estimated FY 2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|----------------------|
| Montana Women's Prison: | | | | | | |
| Education participation of total population | 82% | 80% | 80% | 80% | 80% | 80% |
| Corrective Thinking participation of population | 30% | 30% | 30% | 37% | 37% | 37% |
| Chemical Dependency program completion prior to release | 85% | 82% | 86% | 87% | 87% | 87% |
| Parenting program participation of total population | 88% | 90% | 90% | 90% | 90% | 90% |
| Montana State Prison: | | | | | | |
| Classification reviews | 5,109 | 7,237 | 9,061 | 9,260 | 9,260 | 9,271 |
| Percentage of Inmates employed | 69% | 70% | 70% | 70% | 70% | 70% |
| Disciplinary reports conducted | 2,576 | 2,601 | 2,500 | 2,625 | 2,755 | 2,890 |
| Inmate Assault on Inmate | 36 | 36 | 34 | 38 | 42 | 46 |
| Inmate Assault on Staff | 18 | 25 | 10 | 11 | 12 | 14 |
| Number of Escapes | 0 | 1 | 1 | 0 | 0 | 0 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 578.45 | (4.30) | 0.00 | 574.15 | (4.30) | 0.00 | 574.15 |
| Personal Services | 24,796,692 | 478,782 | 0 | 25,275,474 | 480,481 | 0 | 25,777,173 |
| Operating Expenses | 28,157,335 | 4,372,141 | 0 | 32,529,476 | 9,074,124 | 0 | 37,231,459 |
| Equipment | 181,377 | 0 | 0 | 181,377 | 0 | 0 | 181,377 |
| Debt Service | 75,337 | 0 | 0 | 75,337 | 0 | 0 | 75,337 |
| Total Costs | \$53,210,741 | \$4,850,923 | \$0 | \$58,061,664 | \$9,554,605 | \$0 | \$62,765,346 |
| General Fund | 51,971,390 | 4,757,339 | 0 | 56,728,729 | 9,461,021 | 0 | 61,432,411 |
| State/Other Special | 1,239,351 | 0 | 0 | 1,239,351 | 0 | 0 | 1,239,351 |
| Federal Special | 0 | 93,584 | 0 | 93,584 | 93,584 | 0 | 93,584 |
| Total Funds | \$53,210,741 | \$4,850,923 | \$0 | \$58,061,664 | \$9,554,605 | \$0 | \$62,765,346 |

**Department of Corrections-6401
Secure Custody Facilities-03**

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$824,255 | \$824,255 |
| FY07 | \$824,255 | \$824,255 |

PL- 6 - Secure Custody Overtime -

The Executive recommends the funding of overtime for the Montana State Prison and Women's Prison in the amount of \$824,255 each year. This is a general fund request and is needed to cover the 24/7/365 positions at these facilities. This request is necessary because overtime is zero based and removed from the agency's base budget.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$282,938 | \$182,938 |
| FY07 | \$282,938 | \$182,938 |

PL- 7 - MSP Inmate Pay -

Funds for inmate wages are zero based, therefore the Executive recommends funding inmate wages in the secure facilities. The agency is requesting \$182,938 in general fund and \$100,000 state special revenue each year to fund this request.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$93,584 | \$0 |
| FY07 | \$93,584 | \$0 |

PL- 11 - MSP - Federal Authority -

Montana State Prison receives federal funding yearly from OPI for the MSP Adult Basic Literacy Education grant and Title I. The Executive recommends the appropriation of \$93,584 in federal special revenue funding for these programs each year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,219,294 | \$4,219,294 |
| FY07 | \$8,935,099 | \$8,935,099 |

PL- 16 - Contract Bed Per Diem Rate Increase -

The Department of Corrections contracts with Dawson County Regional Prison, Cascade Regional Prison, CCA and Missoula Assessment and Sanction Center to house offenders. This request is based on a 5.62 percent adult male population increase. The Executive recommends appropriating \$4,219,294 in FY 2006 and \$8,935,099 in FY 2007 of general fund authority for the anticipated rate increases and population growth.

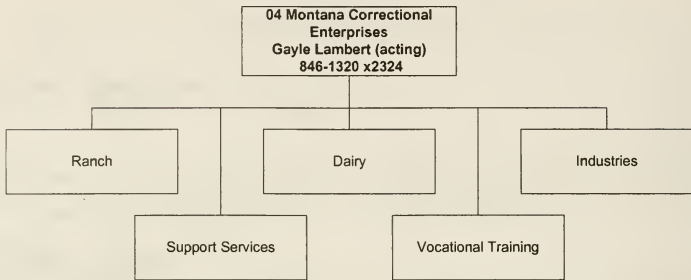
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$219,342) | (\$219,342) |
| FY07 | (\$219,342) | (\$219,342) |

PL- 17 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 4.30 FTE and \$219,342 general fund per year are removed from the budget permanently.

Department of Corrections-6401

Montana Correctional Enterprises-04



Program Description - The Montana Correctional Enterprises (MCE) Division includes the Ranch, Industries, Dairy, License Plate, and Vocational Education programs at the Montana State Prison facility. MCE does not currently have active programs at the Montana Women's Prison or regional and private facilities, although the division is continually researching ideas for programs in these areas. MCE programs provide work and vocational education training opportunities to approximately three hundred (300) inmates in areas such as range cattle, furniture, license plate, print and sign production, laundry processing, raw milk production, dairy product processing, lumber grading and processing, food preparation and canning, motor vehicle maintenance, business skills, computer applications, and other educational areas. In addition MCE administration oversees accounting and budgeting for the Montana State Prison Food Factory and Montana Women's Prison Dog Training programs.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| MCE Program: | | | | | | |
| MCE Program Revenue | \$5,583,308 | \$6,015,806 | \$5,535,000 | \$5,435,000 | \$5,938,400 | \$5,938,400 |
| Number of Inmate Workers – MSP | 300 | 300 | 300 | 275 | 300 | 300 |
| Number of Inmate Workers – Other Facilities | 60 | 40 | 150 | 10 | 20 | 20 |
| Crime Victim Payments – PIE Programs | \$52,758 | \$34,000 | \$72,000 | \$5,000 | \$10,000 | \$15,000 |
| Family Support Deductions – PIE Programs | \$39,080 | \$20,000 | \$42,000 | \$3,500 | \$7,000 | \$11,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 14.25 | 0.00 | 0.00 | 14.25 | 0.00 | 0.00 | 14.25 |
| Personal Services | 703,440 | 65,129 | 0 | 768,569 | 64,598 | 0 | 768,038 |
| Operating Expenses | 1,020,217 | 3,876,362 | 0 | 4,896,579 | 627,200 | 0 | 1,647,417 |
| Debt Service | 216,708 | 0 | 0 | 216,708 | (108,354) | 0 | 108,354 |
| Total Costs | \$1,940,365 | \$3,941,491 | \$0 | \$5,881,856 | \$583,444 | \$0 | \$2,523,809 |
| General Fund | 1,572,197 | 3,878,141 | 0 | 5,450,338 | 520,078 | 0 | 2,092,275 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proprietary | 368,168 | 63,350 | 0 | 431,518 | 63,366 | 0 | 431,534 |
| Total Funds | \$1,940,365 | \$3,941,491 | \$0 | \$5,881,856 | \$583,444 | \$0 | \$2,523,809 |

Department of Corrections-6401

Montana Correctional Enterprises-04

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,853,751 | \$3,853,751 |
| FY07 | \$496,837 | \$496,837 |

PL- 3 - License Plate Re-Issue-OTO-

Provisions in 61-3-332, MCA, state that new license plates will be issued January 1, 2006. This request is to comply with the statute. The request is based on the production of 1,350,000 plate sets in the first year of the biennium, and 367,500 plate sets in the second year. The Executive recommends that \$3,853,751 general fund in FY 2006 and \$496,837 general fund in FY 2007 be appropriated one time only to allow the agency to comply with current law.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$76,400 | \$40,000 |
| FY07 | \$76,400 | \$40,000 |

PL- 8 - Vocational Education Inmate Payroll -

This request is for the replacement of zero-based inmate pay funding as well as an increase due to the increased number of students in the Voc Ed classes. The Executive recommends \$40,000 general fund and \$36,400 proprietary funds to fully fund the Voc Ed program.

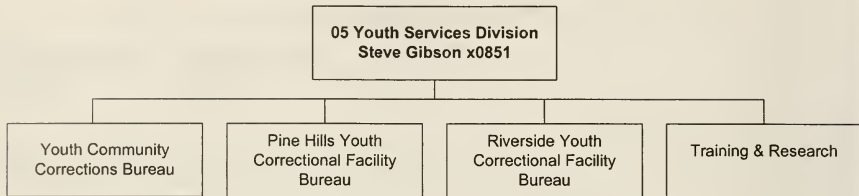
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$0 |
| FY07 | \$50,000 | \$0 |

PL- 9 - Vocational Education Additional Authority for ISF -

Vocational Education Internal Service Fund is requesting additional authority in the operating expenditures categories to cover the increase in the cost of parts and supplies needed in the Motor Vehicle Maintenance Production Shop. This is a request for \$50,000 each year of proprietary funding.

Department of Corrections-6401

Juvenile Corrections-05



Program Description - The Youth Services Division is responsible for all state operated youth programs including Pine Hills Youth Correctional Facility for males located in Miles City and Riverside Youth Correctional Facility for females in Boulder. Additional responsibilities include research and training for the division and other agencies, and administrative support services. Statewide juvenile community corrections includes parole services for youth released from state operated secure care facilities, youth transition center, specialized foster care services, interstate compact service for probation and parole in and out of state, juvenile detention licensing, monitoring and funding for state district probation placements.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| RESTITUTION PROGRAM | | | | | | |
| PHYCF | | | | | | |
| Amount Paid to victims | \$28,560 | \$25,328.88 | \$27,000.00 | \$30,000 | \$30,000 | \$30,000 |
| Youth in Restitution Program | 46 | 39 | 50 | 50 | 50 | 50 |
| Community Services hours worked | 6546 hours | 5366 hours | 6400 hours | 6400 hours | 6400 hours | 6400 hours |
| Youth in Community Service Program | 66 | 56 | 40 | 56 | 56 | 56 |
| RYCF | | | | | | |
| Community Service | | | | | | |
| On-grounds & Off-grounds | 590 hours | 640 hours | 850 hours | 850 hours | 850 hours | 850 hours |
| EDUCATION | | | | | | |
| PHYCF | | | | | | |
| Pre & Post Testing (grade level raised within 90 days) | | | | | | |
| Reading Comprehension | 1.2 | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| Language Expression | 2.0 | 1.7 | 1.5 | 1.5 | 1.5 | 1.5 |
| Math Computation | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| PHYCF Diploma | 3 | 3 | 6 | 6 | 6 | 6 |
| PHYCF GED | 25 | 17 | 27 | 27 | 27 | 27 |
| RYCF Diploma | 1 | 0 | 1 | 1 | 1 | 1 |
| RYCF GED | 4 | 1 | 3 | 3 | 3 | 3 |
| FELONY RECIDIVISM | | | | | | |
| PHYCF | 11.76% | 8.33% | 10.00% | 10.00% | 10.00% | 10.00% |
| PHYCF | 6.00% | 0.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| SEX OFFENDER PROGRAM | | | | | | |
| PHYCF – 66 sex offenders have been admitted to the program since opening (April 2000) – 43 have been released or discharged as of 3/29/04 | | | | | | |
| # re-offended or revoked | 0 | 0 | 1 | 1 | 1 | 1 |
| THIRD PARTY FUNDING | | | | | | |
| Juvenile Placements as of 10/30/00 | \$333,897 | \$428,600 | \$430,000 | \$430,000 | \$430,000 | \$430,000 |

Department of Corrections-6401

Juvenile Corrections-05

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 202.85 | 0.00 | 0.00 | 202.85 | 0.00 | 0.00 | 202.85 |
| Personal Services | 8,223,206 | 841,357 | 0 | 9,064,563 | 851,902 | 0 | 9,075,108 |
| Operating Expenses | 1,849,765 | 191,435 | 0 | 2,041,200 | 185,647 | 0 | 2,035,412 |
| Equipment | 5,350 | 0 | 0 | 5,350 | 0 | 0 | 5,350 |
| Benefits & Claims | 6,072,076 | 0 | 0 | 6,072,076 | 0 | 0 | 6,072,076 |
| Total Costs | \$16,150,397 | \$1,032,792 | \$0 | \$17,183,189 | \$1,037,549 | \$0 | \$17,187,946 |
| General Fund | 15,485,203 | 800,201 | 0 | 16,285,404 | 804,958 | 0 | 16,290,161 |
| State/Other Special | 436,517 | 0 | 0 | 436,517 | 0 | 0 | 436,517 |
| Federal Special | 228,677 | 232,591 | 0 | 461,268 | 232,591 | 0 | 461,268 |
| Total Funds | \$16,150,397 | \$1,032,792 | \$0 | \$17,183,189 | \$1,037,549 | \$0 | \$17,187,946 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$332,700 | \$332,700 |
| FY07 | \$343,944 | \$343,944 |

PL- 4 - Juvenile Corrections Division Overtime -

This Executive request is to restore general fund overtime, which is zero based, in the Juvenile Corrections Division. The request is for \$332,700 in FY 2006 and \$343,944 in FY 2007 for the 24/7-365 facilities.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,000 | \$30,000 |
| FY07 | \$30,000 | \$30,000 |

PL- 10 - Restore Inmate Pay -

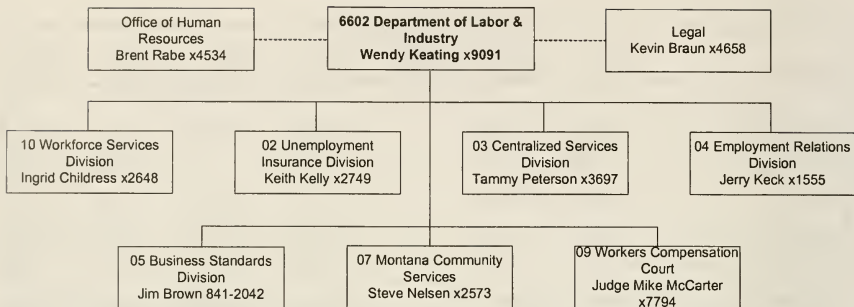
This Executive request is to restore funding for inmate pay, which is zero based, in the Restitution Program. This request is for \$30,000 general fund each year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$232,591 | \$0 |
| FY07 | \$232,591 | \$0 |

PL- 15 - Juvenile Federal Authority Request -

The Executive recommends that the Juvenile Division be appropriated \$232,591 per year in federal authority to expend various federal grants made available throughout the biennium. The majority, if not all, of these grants are administered through the Office of Public Instruction.

Labor & Industry-6602



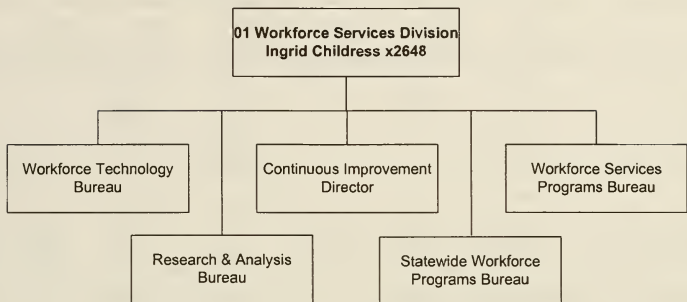
Mission Statement - To promote the well-being and opportunities of Montana workers and employers and to uphold the rights and responsibilities of both.

Statutory Authority - Primarily Titles 18, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 707.48 | 6.60 | 0.00 | 714.08 | 6.60 | 0.00 | 714.08 |
| Personal Services | 27,192,817 | 3,858,869 | 0 | 31,051,686 | 3,855,457 | 0 | 31,048,274 |
| Operating Expenses | 15,428,118 | 2,203,849 | 0 | 17,631,967 | 2,269,856 | 0 | 17,697,974 |
| Equipment | 358,420 | 39,000 | 0 | 397,420 | 35,000 | 0 | 393,420 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 16,811,904 | 0 | 0 | 16,811,904 | 0 | 0 | 16,811,904 |
| Benefits & Claims | 186,799 | 0 | 0 | 186,799 | 0 | 0 | 186,799 |
| Transfers | 129,297 | 0 | 0 | 129,297 | 0 | 0 | 129,297 |
| Debt Service | 3,775 | 0 | 0 | 3,775 | 0 | 0 | 3,775 |
| Total Costs | \$60,111,130 | \$6,101,718 | \$0 | \$66,212,848 | \$6,160,313 | \$0 | \$66,271,443 |
| General Fund | 1,155,525 | 56,889 | 613,665 | 1,826,079 | 81,280 | 611,535 | 1,848,340 |
| State/Other Special | 24,912,507 | 2,783,103 | (9,248) | 27,686,362 | 3,016,972 | (7,118) | 27,922,361 |
| Federal Special | 33,982,053 | 3,242,564 | (604,417) | 36,620,200 | 3,043,758 | (604,417) | 36,421,394 |
| Proprietary | 61,045 | 19,162 | 0 | 80,207 | 18,303 | 0 | 79,348 |
| Total Funds | \$60,111,130 | \$6,101,718 | \$0 | \$66,212,848 | \$6,160,313 | \$0 | \$66,271,443 |

Labor & Industry-6602

Work Force Services Division-01



Program Description - The Workforce Services Division (WSD) operates through five bureaus. The Field Operations Bureau functions through a network of 17 Job Service Centers. The division is a gateway to government services in the area of employment and training services. The WSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Workforce Technology, Statewide Workforce Programs, and Research and Analysis.

Program Indicators -

| Indicator | Actual FY2002 | Actual 2003 | Actual 2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|----------------|----------------|---------------------|---------------------|---------------------|
| Applicants Registered | 75,961 | 80,265 | 78,105 | 78,700 | 79,300 | 80,000 |
| MCIS Sites | 257 | 224 | 197 | 225 | 235 | 250 |
| MCIS Internet home users*** | N/A | 6,445 | 10,536 | 12,500 | 15,000 | 17,500 |
| Statistical Data Inquiry – Employment Services | 902,138 | 943,583 | 1,153,202 | 1,187,800 | 1,223,500 | 1,260,000 |
| Statistical Data Inquiry – R&A (Hits*) | 1,442,171 | 2,280,970 | 3,064,273 | 3,100,000 | 3,150,000 | 3,200,000 |
| Statistical Data Inquiry – R&A (Sessions**) | 165,606 | 202,607 | 335,098 | 337,105 | 364,506 | 392,007 |
| Apprenticeship Training Participants | 1,067 | 1,103 | 1,087 | 1,141 | 1,198 | 1,258 |
| Jobs for Montana's Graduates | 670 | 806 | 785 | 800 | 800 | 800 |

*Indicates number of sections within website that were clicked on.

**Indicates number of times website was visited.

Labor & Industry-6602

Work Force Services Division-01

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 302.45 | (0.25) | 0.00 | 302.20 | (0.25) | 0.00 | 302.20 |
| Personal Services | 11,555,867 | 986,897 | 0 | 12,542,764 | 982,818 | 0 | 12,538,685 |
| Operating Expenses | 4,783,957 | 137,128 | 0 | 4,921,085 | 137,816 | 0 | 4,921,773 |
| Equipment | 79,168 | 0 | 0 | 79,168 | 0 | 0 | 79,168 |
| Grants | 14,637,948 | 0 | 0 | 14,637,948 | 0 | 0 | 14,637,948 |
| Transfers | 129,297 | 0 | 0 | 129,297 | 0 | 0 | 129,297 |
| Total Costs | \$31,186,237 | \$1,124,025 | \$0 | \$32,310,262 | \$1,120,634 | \$0 | \$32,306,871 |
| General Fund | 363,669 | 10,727 | 363,222 | 737,618 | 10,726 | 362,600 | 736,995 |
| State/Other Special | 7,024,859 | 232,028 | 241,195 | 7,498,082 | 430,126 | 241,817 | 7,696,802 |
| Federal Special | 23,797,709 | 881,270 | (604,417) | 24,074,562 | 679,782 | (604,417) | 23,873,074 |
| Total Funds | \$31,186,237 | \$1,124,025 | \$0 | \$32,310,262 | \$1,120,634 | \$0 | \$32,306,871 |

-----Present Law Adjustments-----

PL- 6 - Workforce Services Division Operating Adjustments -

The Executive recommends this decision package of more than \$225,000 each year of the 2007 biennium and is a mix of state special revenue and federal special revenue. This request is for an anticipated increase in the department's Cost Allocation Plan (CAP) and the increase in rent for the Research & Analysis Bureau.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$226,134 | \$0 |
| FY07 | \$226,579 | \$0 |

PL- 7 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.25 FTE and approximately \$10,600 general fund per year are removed from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$10,640) | (\$10,640) |
| FY07 | (\$10,605) | (\$10,605) |

PL- 999 - Empowerment Zone -

This request, \$13,350 per year, is to restore the general fund appropriation as authorized by the 2003 Legislature for SB 484 which created empowerment zones to encourage job creation through tax credits and insurance premium tax credits based on jobs created in the zone.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$13,350 | \$13,350 |
| FY07 | \$13,350 | \$13,350 |

-----New Proposals-----

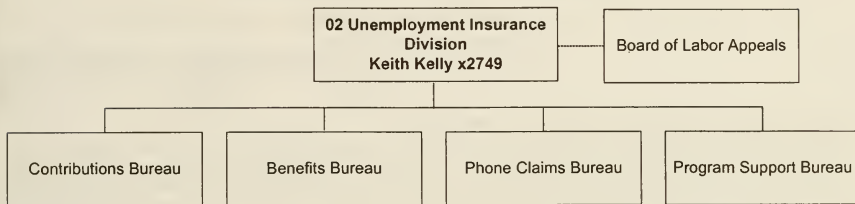
NP- 1 - General Fund/ESA/Reed Act Funding Switch -

This request is to reverse the 2003 Legislative Session one-time-only funding switch in the Workforce Services Division (WSD). General fund was replaced with Employment Security Account (ESA) state special revenue in the Jobs for Montana Graduates and Displaced Homemakers programs. The ESA in turn, was back-filled with Reed Act federal funds. These funding switches were a one-time-only funding solution for the projected general fund shortfall in the 2005 biennium, but the exceed Reed Act monies are no longer available and the ESA funds are not sufficient to continue funding these programs.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$363,222 |
| FY07 | \$0 | \$362,600 |

Labor & Industry-6602

Unemployment Insurance Division-02



Program Description - The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to involuntarily unemployed individuals. The UI Division is organized into four bureaus: UI Contributions, UI Benefits, UI Program Support, and UI Phone Claims. The UI Tax administration was transferred back to the Department of Labor from the Department of Revenue by the 2003 Legislature under SB 271. The Contributions Bureau is responsible for UI tax collection and employer audits. The UI Benefits Bureau is responsible for Trade Readjustment Assistance, military, federal and multi-state claims, benefit payment control, wage revisions and clerical support. The UI Program Support Bureau manages the information technology systems and infrastructure, the Division budget and accounting and the UI trust fund. They also provide management analysis and research for economic, program management, reporting and legislative purposes in addition to operating tax and benefit quality control and integrity programs. The UI Phone Claims Bureau has two phone centers (Billings and Helena) for claimants to file unemployment claims, and for employers to make UI related inquiries.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-----------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Initial Claims | 74,553 | 73,634 | 66,431 | 59,470 | 61,104 | 64,528 |
| Weeks Claimed | 509,869 | 519,786 | 522,225 | 483,922 | 497,753 | 526,596 |
| Non-monetary Determinations | 25,859 | 25,859 | 28,622 | 23,600 | 24,230 | 25,099 |
| Appeals | 1,153 | 1,120 | 1,347 | 1,107 | 1,137 | 1,201 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 150.50 | 6.00 | 0.00 | 156.50 | 6.00 | 0.00 | 156.50 |
| Personal Services | 4,394,003 | 1,862,001 | 0 | 6,256,004 | 1,859,575 | 0 | 6,253,578 |
| Operating Expenses | 2,491,240 | 713,767 | 0 | 3,205,007 | 713,943 | 0 | 3,205,183 |
| Equipment | 7,126 | 0 | 0 | 7,126 | 0 | 0 | 7,126 |
| Benefits & Claims | (265) | 0 | 0 | (265) | 0 | 0 | (265) |
| Debt Service | 3,775 | 0 | 0 | 3,775 | 0 | 0 | 3,775 |
| Total Costs | \$6,895,879 | \$2,575,768 | \$0 | \$9,471,647 | \$2,573,518 | \$0 | \$9,469,397 |
| State/Other Special | 127,613 | 300,000 | 0 | 427,613 | 300,000 | 0 | 427,613 |
| Federal Special | 6,768,266 | 2,275,768 | 0 | 9,044,034 | 2,273,518 | 0 | 9,041,784 |
| Total Funds | \$6,895,879 | \$2,575,768 | \$0 | \$9,471,647 | \$2,573,518 | \$0 | \$9,469,397 |

Labor & Industry-6602
Unemployment Insurance Division-02

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$831,213 | \$0 |
| FY07 | \$830,647 | \$0 |

PL- 5 - Transfer UI Contributions Bureau from DOR to DLI -

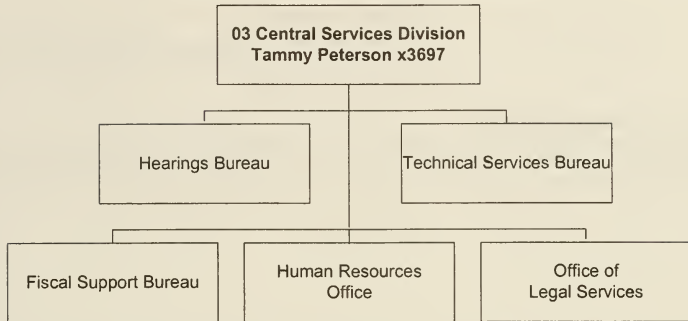
SB 271 passed by the 2003 Legislature transferred the Unemployment Insurance (UI) Contributions Program from the Department of Revenue to the Department of Labor and Industry. This request, recommended by the Executive, includes the costs associated with that transfer. These costs, approximately \$1.66 million for the biennium represent the completion of the transfer and are funded with the Employment Security Account (state special revenue funds), UI penalties and interest and administrative grants (federal special revenue funds).

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$141,942 | \$0 |
| FY07 | \$141,883 | \$0 |

PL- 7 - Unemployment Insurance Division Budget Adjustments -

The Executive recommends operating adjustments to restore per diem expense authority, increase indirect costs to support Centralized Services and add 3.00 FTE that have been previously requested as modified FTE. Funding, about \$142,000 per year, for this request is federal special revenue UI administrative grant monies:

Labor & Industry-6602
Commissioner's Office/CSD-03



Program Description - The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administration, and support services to the department. Legal and Centralized Services provides the central support functions of the department through five bureaus: 1) Fiscal Support 2) Technical Services 3) Human Resources 4) Hearings and 5) Legal Services.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-----------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Cases Processed | 1,452 | 1,375 | 1,555 | 1,500 | 1,500 | 1,500 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 20.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 20.00 |
| Personal Services | 976,246 | 241,151 | 0 | 1,217,397 | 240,592 | 0 | 1,216,838 |
| Operating Expenses | 247,942 | 32,590 | 0 | 280,532 | 34,326 | 0 | 282,268 |
| Total Costs | \$1,224,188 | \$273,741 | \$0 | \$1,497,929 | \$274,918 | \$0 | \$1,499,106 |
| General Fund | 115,598 | 22,348 | 56,194 | 194,140 | 22,075 | 56,102 | 193,775 |
| State/Other Special | 648,139 | 170,080 | (56,194) | 762,025 | 170,563 | (56,102) | 762,600 |
| Federal Special | 399,499 | 62,058 | 0 | 461,557 | 63,884 | 0 | 463,383 |
| Proprietary | 60,952 | 19,255 | 0 | 80,207 | 18,396 | 0 | 79,348 |
| Total Funds | \$1,224,188 | \$273,741 | \$0 | \$1,497,929 | \$274,918 | \$0 | \$1,499,106 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$28,020 | \$2,454 |
| FY07 | \$29,355 | \$2,698 |

PL- 8 - Commissioner's Office/CSD - Base Adjustment -

This request, \$28,020 in FY 2006 and \$29,355 in FY 2007, is for an increase in indirect costs to support the Centralized Services Division. The funding sources for this request include general fund, state special and federal revenues.

Labor & Industry-6602
Commissioner's Office/CSD-03

-----New Proposals-----

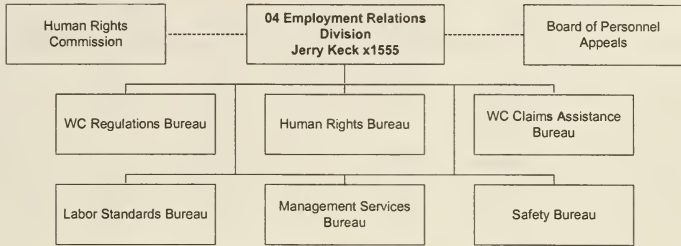
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$56,194 |
| FY07 | \$0 | \$56,102 |

NP- 3 - General Fund/ESA Fund Switch -

This funding switch is requested to restore general fund of about \$56,000 per year, for the Human Rights Bureau, which the 2003 Legislature replaced with state special revenue (the Employment Security Account [ESA]). Projections indicate that there are insufficient funds in the ESA over the long-term to continue funding this general fund program.

Labor & Industry-6602

Employment Relations Division-04



Program Description - The Employment Relations Division (ERD) provides five service areas: 1) Workers' Compensation (WC) Regulation Bureau, which regulates WC insurance coverage requirements, policy compliance, medical regulations, contractor registration, and independent contractor exemptions 2) WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes, and provides management information on the workers' compensation system 3) Labor Standards Bureau (and administratively attached Board of Personnel Appeals), which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation 4) Safety Bureau which administers federal and state industrial safety laws and 5) Human Rights Bureau (and administratively attached Human Rights Commission), which enforces Montana Human Rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Safety Inspections | 458 | 513 | 748* | 600 | 660 | 650 |
| Mine Inspections | 192 | 122 | 115 | 125 | 135 | 145 |
| Safety & Mine Training Classes | 398 | 440 | 435 | 425 | 425 | 425 |
| Safety & Mine Number Trained | 3850 | 4,419 | 4,955 | 4,750 | 4,775 | 4,750 |
| Wage & Hour Cases Filed | 953 | 969 | 1,067 | 1,050 | 1,050 | 1,050 |
| Collective Bargaining Cases | 160 | 188 | 172 | 170 | 170 | 170 |
| Human Rights Intake Inquiries | 6290 | 5,372 | 6,213 | 6,308 | 6,403 | 6,500 |
| Human Rights Cases | 420 | 399 | 562 | 500 | 525 | 550 |
| Workers' Compensation Claims | 32,237 | 29,853 | 33,603 | 33,500 | 33,500 | 33,500 |
| Workers' Compensation Mediations | 1260 | 1,232 | 1,303 | 1,380 | 1,380 | 1,380 |
| Electronic Data Transmissions | 55837 | 51,607 | 58,246 | 59,000 | 60,000 | 60,000 |
| Independent Contractor Exemptions | 29204 | 29,638 | 33,247 | 25,046 | 20,037 | 20,000 |
| Registered Construction Contractors | 11273 | 10,353 | 10,601 | 10,250 | 10,250 | 10,250 |

* The number of safety inspections for FY 2004 was exceptionally high for a variety of reasons and should not be used as a baseline for future estimates.

Labor & Industry-6602

Employment Relations Division-04

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 116.50 | (0.15) | 0.00 | 116.35 | (0.15) | 0.00 | 116.35 |
| Personal Services | 5,271,367 | 140,445 | 0 | 5,411,812 | 137,758 | 0 | 5,409,125 |
| Operating Expenses | 2,396,068 | 133,618 | 0 | 2,529,686 | 103,755 | 0 | 2,499,823 |
| Equipment | 28,281 | 0 | 0 | 28,281 | 0 | 0 | 28,281 |
| Benefits & Claims | 187,064 | 0 | 0 | 187,064 | 0 | 0 | 187,064 |
| Total Costs | \$7,882,780 | \$274,063 | \$0 | \$8,156,843 | \$241,513 | \$0 | \$8,124,293 |
| General Fund | 652,774 | 10,579 | 193,506 | 856,859 | 12,192 | 192,090 | 857,056 |
| State/Other Special | 6,599,569 | 258,009 | (193,506) | 6,664,072 | 221,688 | (192,090) | 6,629,167 |
| Federal Special | 630,437 | 5,475 | 0 | 635,912 | 7,633 | 0 | 638,070 |
| Total Funds | \$7,882,780 | \$274,063 | \$0 | \$8,156,843 | \$241,513 | \$0 | \$8,124,293 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$8,492) | (\$8,492) |
| FY07 | (\$8,464) | (\$8,464) |

PL- 1 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.15 FTE and approximately \$8,400 general fund per year are removed from the budget permanently.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$163,887 | \$5,053 |
| FY07 | \$182,300 | \$6,723 |

PL- 9 - Employment Relations Div - Base Adjustment -

The Executive recommends miscellaneous base adjustments within the Employment Relations Division. These requests amount to \$163,887 in FY 2006 and \$182,300 in FY 2007. Of these increases the general fund amounts are \$5,053 and \$6,723 respectively.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$0 |
| FY07 | \$0 | \$0 |

PL- 10 - One-Time-Only contract with INGENIX -

The Executive recommends that the Workers' Compensation Regulation Bureau contract with INGENIX to restructure the outdated Montana Workers' Compensation Medical Fee schedule. The request for \$50,000 state special revenue in FY 2006 is recommended as a one-time-only appropriation.

-----New Proposals-----

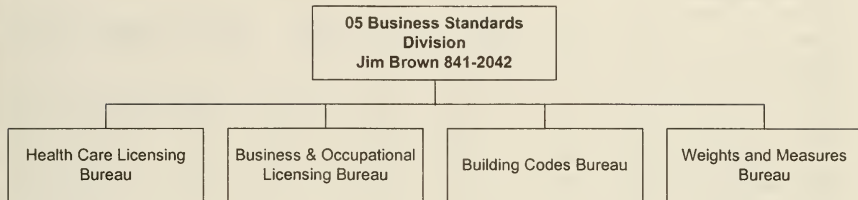
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$193,506 |
| FY07 | \$0 | \$192,090 |

NP- 2 - General Fund/ESA Fund Switch -

This funding switch, \$193,506 in FY 2006 and \$192,090 in FY 2007, is requested to restore general fund for the Human Rights Bureau, which the 2003 Legislature replaced with state special revenue (the Employment Security Account (ESA)). Projections indicate that there are insufficient funds in the ESA over the long-term to continue funding this general fund program.

Labor & Industry-6602

Business Standards Division-05



Program Description - The Business Standards Division consists of four bureaus: Building Codes Bureau (BCB), Weights & Measures Bureau (WMB), Health Care Licensing Bureau (HCLB), and Business & Occupational Licensing Bureau (BOLB). The BCB establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator and boiler codes for use throughout Montana, including factory built buildings, and approves and certifies local government code enforcement programs to utilize codes adopted by the bureau. The BCB also assists the Board of Plumbers and State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance. The WMB is responsible for licensing, inspecting, testing and certifying all weighing and measuring devices used in making commercial transactions in the Montana. The WMB also enforces laws and regulations pertaining to the quantity control of prepackaged goods, the quality control of petroleum products and is responsible for maintaining the state standards of mass and volume applied when calibrating other mass and volume standards used in testing commercial devices. The HCLB provides administrative, clerical and compliance support for 19 licensing boards and one program that license professionals and individuals working in the health care field. The licensing boards and program in HCLB include 118 board members and 6 advisory counsel members appointed by the Governor. The BOLB provides administrative, clerical and compliance support for 13 licensing boards and four licensing programs that license professionals and individuals working in non-health-care-related professions and occupations. The licensing boards in BOLB include 80 board members appointed by the Governor.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 109.03 | 0.00 | 0.00 | 109.03 | 0.00 | 0.00 | 109.03 |
| Personal Services | 4,528,538 | 523,880 | 0 | 5,052,418 | 530,694 | 0 | 5,059,232 |
| Operating Expenses | 5,295,151 | 1,140,502 | 0 | 6,435,653 | 1,209,056 | 0 | 6,504,207 |
| Equipment | 243,845 | 39,000 | 0 | 282,845 | 35,000 | 0 | 278,845 |
| Grants | 9,519 | 0 | 0 | 9,519 | 0 | 0 | 9,519 |
| Total Costs | \$10,077,053 | \$1,703,382 | \$0 | \$11,780,435 | \$1,774,750 | \$0 | \$11,851,803 |
| State/Other Special | 10,076,960 | 1,703,475 | 0 | 11,780,435 | 1,774,843 | 0 | 11,851,803 |
| Proprietary | 93 | (93) | 0 | 0 | (93) | 0 | 0 |
| Total Funds | \$10,077,053 | \$1,703,382 | \$0 | \$11,780,435 | \$1,774,750 | \$0 | \$11,851,803 |

Labor & Industry-6602

Business Standards Division-05

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Plumbing: | | | | | | |
| Permits | 3122 | 3350 | 4259 | 4300 | 4300 | 4300 |
| Inspections | 11382 | 12247 | 14017 | 14100 | 14100 | 14100 |
| Comp. Orders | 23 | 22 | 48 | 50 | 50 | 50 |
| License Checks | 1428 | 1268 | 1392 | 1395 | 1395 | 1395 |
| MECHANICAL: | | | | | | |
| Permits | 715 | 691 | 729 | 730 | 730 | 730 |
| Inspections | 2539 | 2594 | 2410 | 2500 | 2500 | 2500 |
| Comp. Orders | 9 | 4 | 10 | 10 | 10 | 10 |
| ELECTRICAL: | | | | | | |
| Permits | 12181 | 12631 | 13980 | 14000 | 14000 | 14000 |
| Inspections | 23562 | 25126 | 24052 | 24070 | 24070 | 24070 |
| Comp. Orders | 19 | 17 | 6 | 10 | 10 | 10 |
| License Checks | 1428 | 1426 | 1312 | 1320 | 1320 | 1320 |
| BOILERS: | | | | | | |
| Total Inspections | 5430 | 4931 | 5659 | 5700 | 5700 | 5700 |
| State | 2842 | 2230 | 2788 | 2800 | 2800 | 2800 |
| Insurance | 2788 | 2701 | 2901 | 2900 | 2900 | 2900 |
| Total Certifications | 5247 | 5140 | 5325 | 5350 | 5350 | 5350 |
| State | 2462 | 2092 | 2363 | 2370 | 2370 | 2370 |
| Insurance | 2785 | 3048 | 2965 | 2970 | 2970 | 2970 |
| ELEVATORS: | | | | | | |
| Inspections | 1459 | 1555 | 1601 | 1650 | 1650 | 1650 |
| Certificates | 1975 | 1608 | 1752 | 1800 | 1800 | 1800 |
| BUILDINGS: | | | | | | |
| Permits | 1057 | 1056 | 1063 | 1070 | 1070 | 1070 |
| Inspections | 10722 | 9869 | 11281 | 11300 | 11300 | 11300 |
| WEIGHTS & MEASURES BUREAU: | | | | | | |
| Scales Licensed | 6794 | 6903 | 7025 | 7100 | 7100 | 7100 |
| Scales – Tested, Inspected, Certified | 6342 | 6639 | 6069 | 6390 | 6390 | 6390 |
| Inspection % | 93% | 96.1% | 86.4% | 90% | 90% | 90% |
| Pumps & Meters Licensed | 14579 | 14651 | 14742 | 14800 | 14800 | 14800 |
| Pumps – Tested, Inspected, Certified | 12552 | 12266 | 11665 | 12580 | 12580 | 12580 |
| Inspection % | 86% | 83.7% | 79.1% | 85% | 85% | 85% |
| LPG Meters Licensed | 604 | 592 | 578 | 580 | 580 | 580 |
| LPG Meters – Tested, Inspected, Certified | 428 | 569 | 441 | 493 | 493 | 493 |
| Inspection % | 71% | 96.1% | 76.3% | 85% | 85% | 85% |
| Packages Measured | 500 | 500 | 500 | 500 | 500 | 500 |
| Packages Tested, Inspected | 382 | 548 | 450 | 500 | 500 | 500 |

Labor & Industry-6602 Business Standards Division-05

| | | | | | | |
|--|-------|--------|-------|-------|-------|-------|
| Inspection % | 75% | 109.6% | 90% | 100% | 100% | 100% |
| Octane Test Measure** | 300 | 300 | 300 | 300 | 40 | 40 |
| Octane Tested** | 73 | 106 | 3 | 40 | 40 | 40 |
| Inspection % | 24% | 35.3% | 1% | 13.3% | 100% | 100% |
| HEALTHCARE LICENSING BUREAU: | | | | | | |
| Applications Processed | 3401 | 2368 | 3209 | 3200 | 3200 | 3200 |
| Applicants Examined | 1971 | 1462 | 2007 | 2000 | 2000 | 200 |
| New Licenses Issued | 3049 | 2755 | 3262 | 3300 | 3300 | 3300 |
| Licenses Renewed*** | 32133 | 30428 | 23221 | 30500 | 24400 | 30500 |
| Total Licenses | 35521 | 32327 | 39579 | 39500 | 39500 | 39500 |
| New Complaints Processed | 463 | 469 | 576 | 580 | 580 | 580 |
| Investigations Completed | 93 | 78 | 111 | 115 | 115 | 115 |
| Inspections Completed | 728 | 1177 | 1108 | 1150 | 1150 | 1150 |
| Public Meetings Conducted | 174 | 204 | 220 | 220 | 220 | 220 |
| Closed Complaints | 80 | 410 | 479 | 480 | 480 | 480 |
| BUSINESS & OCCUPATIONAL LICENSING BUREAU: | | | | | | |
| Applications Processed | 6560 | 4706 | 5793 | 5800 | 5800 | 5800 |
| Applicants Examined | 1948 | 2463 | 2221 | 2200 | 2200 | 2200 |
| New Licenses Issued | 6323 | 6889 | 7526 | 7500 | 7500 | 7500 |
| Licenses Renewed**** | 26000 | 26266 | 34104 | 26000 | 26000 | 34000 |
| Total Licenses | 43721 | 47548 | 48466 | 48500 | 48500 | 48500 |
| New Complaints Processed | 535 | 592 | 368 | 400 | 400 | 400 |
| Investigations Completed | 157 | 102 | 69 | 109 | 109 | 109 |
| Inspections Completed | 2166 | 2917 | 3515 | 3520 | 3520 | 3520 |
| Public Meetings Conducted | 123 | 103 | 123 | 123 | 123 | 123 |
| Closed Complaints | 292 | 545 | 442 | 450 | 450 | 450 |

*The Weights & Measures Bureau is one FTE short. A field inspector was called to active duty in 12/2003 and will not return until 7/2005.

**The reason for the poor performance in octane testing is the rising cost of testing octane standards, which have increased 500% since 2003.

***Beginning in FY 03 the Board of Nursing implemented a two-year renewal cycle.

****Three boards have a biennial renewal process and one board has a triennial renewal process.

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$585,929 | \$0 |
| FY07 | \$613,901 | \$0 |

PL- 11 - Health Care Licensing Bureau - Base Adj. -

The Executive recommends a base adjustment increase of \$585,929 in FY 2006 and \$613,901 in FY 2007. This request will be funded with a mix of up to twenty different state special revenue accounts associated with the numerous different boards in the Health Care Licensing Bureau. Some of the items funded in this request are board per diem, indirect costs and miscellaneous operating expenses such as board training and travel.

Labor & Industry-6602

Business Standards Division-05

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$464,011 | \$0 |
| FY07 | \$478,897 | \$0 |

PL- 12 - Business & Occupational Licensing Bureau-Base Adj -

The Executive recommends a base adjustment increase of \$464,011 in FY 2006 and \$478,897 in FY 2007. This request will be funded with a mix up to twenty different state special revenue accounts associated with the numerous different boards in the Business and Occupational Licensing Bureau. Some of the items funded in this request are board per diem, indirect costs and miscellaneous operating expenses such as board training and travel.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$137,181 | \$0 |
| FY07 | \$157,210 | \$0 |

PL- 13 - Building Codes Bureau - Base Adj. -

This request by the Building Codes Bureau is to restore FY 2004 base level funding to cover various operating expenses that will be associated with a fully staffed inspection team. The request is for \$137,181 in FY 2006 and \$157,210 in FY 2007 and is state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$81,556 | \$0 |
| FY07 | \$79,812 | \$0 |

PL- 14 - Weights & Measures Bureau - Base Adj. -

This request by the Weights and Measures Bureau is to restore FY 2004 base level funding to cover various operating expenses that will be associated with a fully staffed inspection team. The request is for \$81,556 in FY 2006 and \$79,812 in FY 2007 and is state special revenue.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$70,000 | \$0 |
| FY07 | \$70,000 | \$0 |

PL- 18 - Legal Contingency Fund -

This decision package is requested to restore the legal contingency fund for the Business & Occupational and the Health Care Licensing Bureaus. The purpose of this funding authority is to eliminate the need for budget amendments for unanticipated and emergency legal costs. This request for authority of \$70,000 state special revenue each year has been the same since FY 1994.

Labor & Industry-6602

Office of Community Services-07

**07 Office of Community
Services
Steve Nelsen x2573**

Program Description - The Office of Community Services provides administration of federal Corporation for National Service programs (AmeriCorps and Campus Corps), community service, and volunteer efforts statewide, including the Volunteer Montana program. The office was created by the 1993 Legislature at the request of the Governor (MCA 90-14-101ff) in order to support community-based volunteer programs focused on addressing critical community needs. The vision of the office and its Commission on Community Service is to cultivate service as a lifelong "habit of the heart" for all citizens, and in particular, instill an ethic of community service in young Montanans. To that end, in the 2007 biennium, the office is committed to:

- Encouraging all Montana citizens to engage in service activities in their community; involving youth in the life and work of communities; and expanding service opportunities for all Montanans.
- Contracting with and monitoring grants to community organizations utilizing part-time and full-time volunteers in an effort to make a difference, as well as work with other partners from the Corporation for National Service, which includes primarily the Office of Public Instruction, the University of Montana Campus Compact, and the Corporation State Office.
- Assisting some forty communities through training, technical assistance, monitoring and, where feasible, community "seed grants" in order to realize local action plans that encompass the Montana's Promise Initiative. Communities are working to ensure they have available for their children and youth the following five resources for healthy, productive living: 1) an ongoing relationship with a caring adult 2) safe places and structured activities after school to learn and grow 3) a healthy start in life 4) marketable skills through effective education and 5) opportunities for community service.
- Coordinating and overseeing annual training and technical assistance activities for national service programs in Montana, through AmeriCorps*USA, the National Senior Service Corps, and Learn & Serve America.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| AmeriCorps members | 181 | 219 | 249 | 300 | 300 | 300 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 4.00 | 0.00 | 0.00 | 4.00 | 0.00 | 0.00 | 4.00 |
| Personal Services | 142,543 | 15,564 | 0 | 158,107 | 16,031 | 0 | 158,574 |
| Operating Expenses | 103,389 | 15,664 | 0 | 119,053 | 39,197 | 0 | 142,586 |
| Grants | 2,164,437 | 0 | 0 | 2,164,437 | 0 | 0 | 2,164,437 |
| Total Costs | \$2,410,369 | \$31,228 | \$0 | \$2,441,597 | \$55,228 | \$0 | \$2,465,597 |
| General Fund | 23,484 | 13,235 | 743 | 37,462 | 36,287 | 743 | 60,514 |
| State/Other Special | 743 | 0 | (743) | 0 | 0 | (743) | 0 |
| Federal Special | 2,386,142 | 17,993 | 0 | 2,404,135 | 18,941 | 0 | 2,405,083 |
| Total Funds | \$2,410,369 | \$31,228 | \$0 | \$2,441,597 | \$55,228 | \$0 | \$2,465,597 |

Labor & Industry-6602
Office of Community Services-07

-----**Present Law Adjustments**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,638 | \$328 |
| FY07 | \$2,099 | \$420 |

PL- 19 - Office of Community Services - Base Adj. -

This request of \$1,638 in FY 2006 and \$2,099 in FY 2007 is for an increase in indirect costs to support the Centralized Services Division. Of this request there is \$328 in FY 2006 and \$420 in FY 2007 that is general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$12,741 | \$12,741 |
| FY07 | \$35,696 | \$35,696 |

PL- 21 - Office of Community Service Funding Match -

The Executive recommends \$12,741 in FY 2006 and \$35,696 in FY 2007 of general fund authority for the Office of Community Service to match federal funds from the Corporation of National Service. The corporation requires a 100 percent match on the administrative portion of the grant Montana receives.

-----**New Proposals**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$743 |
| FY07 | \$0 | \$743 |

NP- 4 - General Fund/ESA Fund Switch -

This funding switch is requested to restore general fund for the Office of Community Services which the 2003 Legislature replaced with state special revenue (the employment security account [ESA]). Projections indicate that there are insufficient funds in the ESA over the long-term to continue funding this general fund program.

Labor & Industry-6602 Workers Compensation Court-09

09 Workers Compensation
Court
Judge Mike McCarter x7794

Program Description - The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes only.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Petitions Filed | 243 | 229 | 261 | 275 | 275 | 275 |
| Trials | 61 | 58 | 68 | 80 | 80 | 80 |
| Settlement Conferences | 23 | 32 | 51 | 60 | 65 | 70 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.00 | 1.00 | 0.00 | 6.00 | 1.00 | 0.00 | 6.00 |
| Personal Services | 324,253 | 88,931 | 0 | 413,184 | 87,989 | 0 | 412,242 |
| Operating Expenses | 110,371 | 30,580 | 0 | 140,951 | 31,763 | 0 | 142,134 |
| Total Costs | \$434,624 | \$119,511 | \$0 | \$554,135 | \$119,752 | \$0 | \$554,376 |
| State/Other Special | 434,624 | 119,511 | 0 | 554,135 | 119,752 | 0 | 554,376 |
| Total Funds | \$434,624 | \$119,511 | \$0 | \$554,135 | \$119,752 | \$0 | \$554,376 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$23,963 | \$0 |
| FY07 | \$25,117 | \$0 |

PL- 20 - Workers' Compensation Court - Base Adj. -

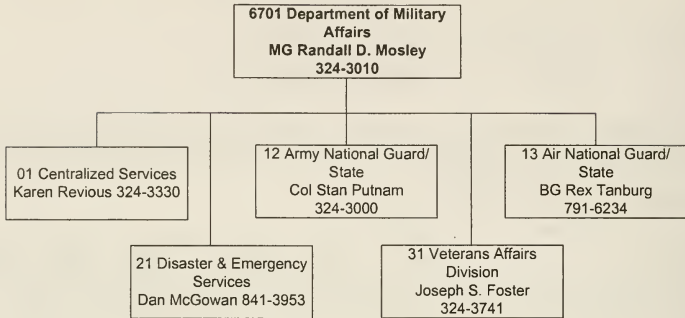
The Executive recommends the appropriation of \$23,963 in FY 2006 and \$25,117 in FY 2007 of state special revenue authority to fully fund the Workers Compensation Court for the upcoming biennium. This request is comprised of various operating increases to fund anticipated court workload.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$88,303 | \$0 |
| FY07 | \$88,071 | \$0 |

PL- 902 - Workers' Compensation Staff Attorney -

This request is for funding for the court to hire an additional staff lawyer with extensive experience and knowledge in workers' compensation matters. The Executive recommends \$88,303 in FY 2006 and \$88,071 in FY 2007 be authorized to be spent out of the work comp regulation fund to address the increased work load resulting from recent Supreme Court decisions.

Department of Military Affairs-6701



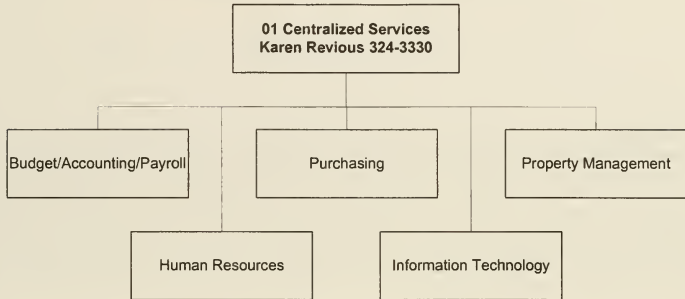
Mission Statement - To provide for safety and well being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana Veterans.

Statutory Authority - Article I, U.S. Constitution; Article VI, Section 13, Montana Constitution; Title 10, MCA

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 168.90 | 5.00 | 0 | 173.90 | 5.00 | 0 | 173.90 |
| Personal Services | 7,048,318 | 1,003,190 | 0 | 8,051,508 | 1,009,846 | 0 | 8,058,164 |
| Operating Expenses | 6,819,064 | 1,649,835 | 0 | 8,468,899 | 1,738,344 | 0 | 8,557,408 |
| Equipment | 90,923 | 0 | 75,000 | 165,923 | 0 | 0 | 90,923 |
| Grants | 1,039,597 | 0 | 0 | 1,039,597 | 0 | 0 | 1,039,597 |
| Benefits & Claims | 2,280 | 0 | 0 | 2,280 | 0 | 0 | 2,280 |
| Total Costs | \$15,000,182 | \$2,653,025 | \$75,000 | \$17,728,207 | \$2,748,190 | \$0 | \$17,748,372 |
| General Fund | 4,111,558 | 264,441 | 0 | 4,375,999 | 255,383 | 0 | 4,366,941 |
| State/Other Special | 542,203 | 367,773 | 75,000 | 984,976 | 440,497 | 0 | 982,700 |
| Federal Special | 10,346,421 | 2,020,811 | 0 | 12,367,232 | 2,052,310 | 0 | 12,398,731 |
| Total Funds | \$15,000,182 | \$2,653,025 | \$75,000 | \$17,728,207 | \$2,748,190 | \$0 | \$17,748,372 |

Department of Military Affairs-6701

Centralized Services Division-01



Program Description - The Centralized Services Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 9.20 | 0 | 0 | 9.20 | 0) | 0 | 9.20 |
| Personal Services | 525,039 | 13,938 | 0 | 538,977 | 12,668 | 0 | 537,707 |
| Operating Expenses | 50,742 | 48,335 | 0 | 99,077 | 46,558 | 0 | 97,300 |
| Benefits & Claims | 2,280 | 0 | 0 | 2,280 | 0 | 0 | 2,280 |
| Total Costs | \$578,061 | \$62,273 | \$0 | \$640,334 | \$59,226 | \$0 | \$637,287 |
| General Fund | 427,128 | 25,263 | 0 | 452,391 | 10,890 | 0 | 438,018 |
| Federal Special | 150,933 | 37,010 | 0 | 187,943 | 48,336 | 0 | 199,269 |
| Total Funds | \$578,061 | \$62,273 | \$0 | \$640,334 | \$59,226 | \$0 | \$637,287 |

Department of Military Affairs-6701

Challenge Program-02

02 Challenge Program

Program Description - The Montana National Guard Youth ChalleNGe Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNGe is a 17-month, voluntary two-phased military modeled training program targeting unemployed drug-free and crime-free high school dropouts. The program provides an opportunity for high school at risk youth to enhance their life skills, increase their educational levels, and their employment potential. Phase I of the program is a 22 week residential stay on the campus of Western Montana College of the University of Montana in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 47.40 | 1.00 | 0.00 | 48.40 | 1.00 | 0.00 | 48.40 |
| Personal Services | 1,677,363 | 73,240 | 0 | 1,750,603 | 72,358 | 0 | 1,749,721 |
| Operating Expenses | 1,084,380 | (17,372) | 0 | 1,067,008 | (23,314) | 0 | 1,061,066 |
| Total Costs | \$2,761,743 | \$55,868 | \$0 | \$2,817,611 | \$49,044 | \$0 | \$2,810,787 |
| General Fund | 1,107,616 | 19,429 | 0 | 1,127,045 | 16,699 | 0 | 1,124,315 |
| Federal Special | 1,654,127 | 36,439 | 0 | 1,690,566 | 32,345 | 0 | 1,686,472 |
| Total Funds | \$2,761,743 | \$55,868 | \$0 | \$2,817,611 | \$49,044 | \$0 | \$2,810,787 |

-----Present Law Adjustments-----

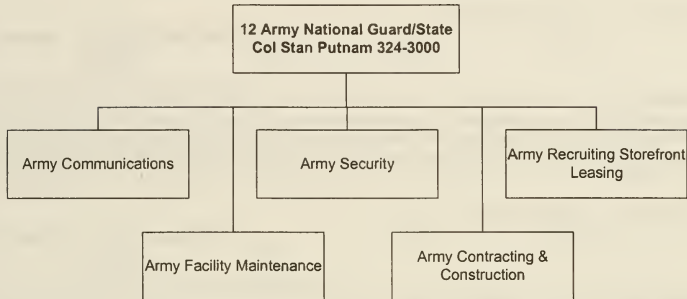
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$37,115 | \$14,846 |
| FY07 | \$37,008 | \$14,803 |

PL- 2 - Make ChalleNGe modified positions permanent -

This request is to establish a permanent 1.00 FTE aggregate position for the program's part-time substitute teachers. The Executive recommends funding of \$14,846 in FY 2006 and \$14,803 in FY 2007 of general fund to match the \$22,269 and \$22,205 in federal funding respectively.

Department of Military Affairs-6701

Army National Guard Program-12



Program Description - The Army National Guard until federalized, is a state military organization which provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides funding for facilities management, environmental, and communications support to the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing statewide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the United States and Montana constitutions and Title 10, Chapters 1-3, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 34.30 | 3.00 | 0.00 | 37.30 | 3.00 | 0.00 | 37.30 |
| Personal Services | 1,781,009 | 127,738 | 0 | 1,908,747 | 130,827 | 0 | 1,911,836 |
| Operating Expenses | 3,978,869 | 1,199,169 | 0 | 5,178,038 | 1,325,992 | 0 | 5,304,861 |
| Equipment | 90,923 | 0 | 0 | 90,923 | 0 | 0 | 90,923 |
| Total Costs | \$5,850,801 | \$1,326,907 | \$0 | \$7,177,708 | \$1,456,819 | \$0 | \$7,307,620 |
| General Fund | 1,179,286 | 15,240 | 0 | 1,194,526 | 33,716 | 0 | 1,213,002 |
| State/Other Special | 0 | 26,300 | 0 | 26,300 | 101,300 | 0 | 101,300 |
| Federal Special | 4,671,515 | 1,285,367 | 0 | 5,956,882 | 1,321,803 | 0 | 5,993,318 |
| Total Funds | \$5,850,801 | \$1,326,907 | \$0 | \$7,177,708 | \$1,456,819 | \$0 | \$7,307,620 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$59,004 | \$2,639 |
| FY07 | \$125,354 | \$8,186 |

PL- 3 - ARNG Utilities at New Locations -

This request adds \$10,825 general fund and \$173,533 federal special revenue for the 2007 biennium to fund utility costs for facilities which came on line during or after the base year.

Department of Military Affairs-6701 **Army National Guard Program-12**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$21,000 | \$8,340 |
| FY07 | \$27,000 | \$13,620 |

PL- 4 - Janitorial Service at New Locations -

Additional funds to support a basic level of janitorial services at facilities which have been constructed or will be constructed after the base year are requested. The cost of the services is \$8,340 general fund and \$12,660 federal special revenue in FY 2006 and \$13,620 general fund and \$13,380 federal special revenue in FY 2007. The new facilities are armories that will be completed after the base year and will be located in Dillon, Kalispell and at Fort Harrison.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$52,246 | \$13,062 |
| FY07 | \$52,261 | \$13,062 |

PL- 5 - ARNG Facilities Maintenance Employees -

This request is for 2.00 FTE to assist in maintaining the facilities operated and maintained by the department. The Executive recommends funding for these positions at \$52,246 in FY 2006 and \$52,261 in FY 2007. Fund is calculated at a 25 percent general fund to 75 percent federal funds ratio.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,000 | \$5,625 |
| FY07 | \$30,000 | \$5,625 |

PL- 6 - ARNG Janitorial at Existing Locations -

This decision package is for additional janitorial services for the Helena Armed Forces Reserve Center. The current level of janitorial service is not sufficient to provide an appropriate level of cleaning on a regular basis. The current contract does not provide certain basic levels of cleaning to included emptying of office waste baskets, vacuuming of office carpet or occasional dusting. Approval of this request, including \$5,625 general fund and \$24,375 federal funds per year, would provide approximately the same level of janitorial services as other agencies in the Helena area.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$0 |
| FY07 | \$100,000 | \$0 |

PL- 9 - Distance Learning State Special Spending Authority -

The Montana National Guard Distance Learning Network (MTNG DLN) needs state special spending authority to be able to accept funds for shared use of the network and use the funds to repair and maintain equipment and facilities. The shared use will be by state agencies, local governments and other authorized groups. The Executive recommends \$25,000 in FY 2006 and \$100,000 in FY 2007 be approved to maintain this program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$30,199 | \$0 |
| FY07 | \$30,186 | \$0 |

PL- 11 - Range Maintenance Employee -

This 100 percent federally funded request is to make an existing modified position (Targetry and Range Maintenance employee) a full time permanent position. The Montana Army National Guard has increased the number of ranges, the number of range structures and the complexity of the ranges and targetry systems to ensure that units being mobilized for operation Iraqi Freedom and others are proficient in their use of firearms and weapons systems. The decision package add 1.00 FTE and approximately \$30,000 each year of the biennium.

Department of Military Affairs-6701 **Army National Guard Program-12**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$302,000 | \$0 |
| FY07 | \$302,000 | \$0 |

PL- 13 - Environmental Program Operations -

This request is for additional federal spending authority to maintain the current level of activity in the National Guard Environmental program. The National Guard Environmental program is responsible for ensuring the Department of Military Affairs is in full compliance with all state and federal environmental laws and requirements. The Executive recommends \$302,000 federal special revenue spending authority each fiscal year be included in the department's budget.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$200,000 | \$0 |
| FY07 | \$200,000 | \$0 |

PL- 14 - Communications 100% Federal Authority Increase -

The Montana Army National Guard is requesting federal spending authority of \$200,000 each year of the 2007 biennium to maintain communications at a level necessary to support existing operations. This request is consistent with the funding levels received in the past biennium.

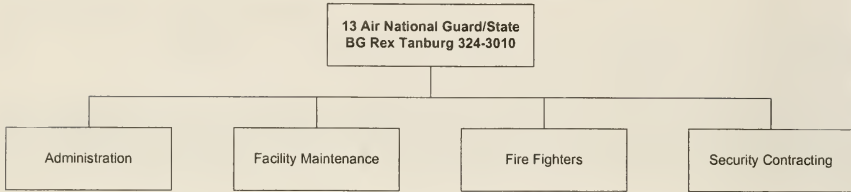
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|-----------------------------------|----------------------------------|
| FY06 | \$515,000 | \$0 |
| FY07 | \$515,000 | \$0 |

PL- 15 - ARNG Additional Federal Spending Authority -

The executive recommends additional federal spending authority in the amount of \$515,000 per year for ongoing repair and maintenance costs on Montana Army National Guard facilities.

Department of Military Affairs-6701

Air National Guard Program-13



Program Description - The Air National Guard, until federalized, is a state military organization which provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides for administrative, facilities maintenance, security, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard program operates under both federal and state mandates in accordance with its dual missions and is mandated by the United States and Montana Constitutions and Title 10, Chapter 1-3, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 33.00 | 0.00 | 0.00 | 33.00 | 0.00 | 0.00 | 33.00 |
| Personal Services | 1,381,307 | 381,250 | 0 | 1,762,557 | 385,209 | 0 | 1,766,516 |
| Operating Expenses | 1,125,266 | 170,501 | 0 | 1,295,767 | 159,366 | 0 | 1,284,632 |
| Total Costs | \$2,506,573 | \$551,751 | \$0 | \$3,058,324 | \$544,575 | \$0 | \$3,051,148 |
| General Fund | 281,946 | 30,989 | 0 | 312,935 | 28,245 | 0 | 310,191 |
| Federal Special | 2,224,627 | 520,762 | 0 | 2,745,389 | 516,330 | 0 | 2,740,957 |
| Total Funds | \$2,506,573 | \$551,751 | \$0 | \$3,058,324 | \$544,575 | \$0 | \$3,051,148 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$268,868 | \$0 |
| FY07 | \$268,868 | \$0 |

PL- 10 - AIR GUARD Firefighter Overtime -

This is a request to provide 100 percent federal spending authority of \$268,868 per year for the additional overtime salary and benefit costs of the Air National Guard fire fighters in Great Falls. Overtime costs are zero based and are not captured in the personal services snapshot used for the initial budget preparation.

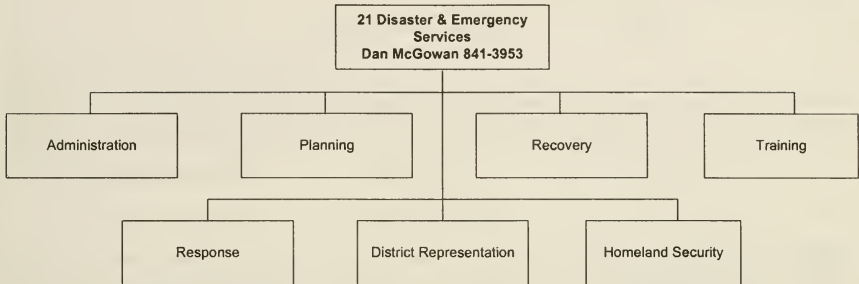
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$142,383 | \$0 |
| FY07 | \$145,978 | \$0 |

PL- 12 - AIR GUARD Security -

The executive recommends approval of this 100 percent federally funded request to increase Montana Air National Guard contracted security services, as approved by the National Guard Bureau, and required for the 24/7 heightened security protection necessary for the 120th Fighter Wing. The projected increased costs are \$142,383 for FY 2006 and \$145,978 in FY 2007.

Department of Military Affairs-6701

Disaster & Emergency Services-21

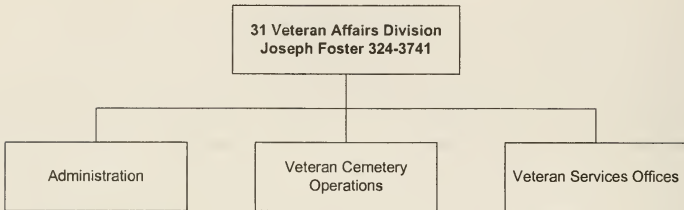


Program Description - The Disaster and Emergency Services Division duties and responsibilities are provided for under Title 10, Chapter 3, MCA. The division is responsible for the coordination, development and implementation of emergency management planning, mitigation, response, and recovery statewide. This responsibility includes the administration and disbursement of federal Homeland Security and Emergency Management funds to eligible political subdivisions and tribal nations across the state. The division maintains a 24 hour a day point of contact to coordinate the volunteer, state, and federal response for assistance to political subdivisions and tribal nations in the event of an incident, emergency, or disaster.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 23.00 | 0.00 | 0.00 | 23.00 | 0.00 | 0.00 | 23.00 |
| Personal Services | 895,934 | 266,765 | 0 | 1,162,699 | 268,168 | 0 | 1,164,102 |
| Operating Expenses | 180,156 | 47,734 | 0 | 227,890 | 31,161 | 0 | 211,317 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 1,039,597 | 0 | 0 | 1,039,597 | 0 | 0 | 1,039,597 |
| Total Costs | \$2,115,687 | \$314,499 | \$0 | \$2,430,186 | \$299,329 | \$0 | \$2,415,016 |
| General Fund | 456,031 | 173,266 | 0 | 629,297 | 165,833 | 0 | 621,864 |
| State/Other Special | 14,437 | 0 | 0 | 14,437 | 0 | 0 | 14,437 |
| Federal Special | 1,645,219 | 141,233 | 0 | 1,786,452 | 133,496 | 0 | 1,778,715 |
| Total Funds | \$2,115,687 | \$314,499 | \$0 | \$2,430,186 | \$299,329 | \$0 | \$2,415,016 |

Department of Military Affairs-6701

Veterans Affairs Program-31



Program Description - The Veterans Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City and at Fort Harrison, in Helena. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate provided in Title 10, Chapter 2, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 22.00 | 1.00 | 0.00 | 23.00 | 1.00 | 0.00 | 23.00 |
| Personal Services | 787,666 | 140,259 | 0 | 927,925 | 140,616 | 0 | 928,282 |
| Operating Expenses | 399,651 | 201,468 | 0 | 601,119 | 198,581 | 0 | 598,232 |
| Equipment | 0 | 0 | 75,000 | 75,000 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$1,187,317 | \$341,727 | \$75,000 | \$1,604,044 | \$339,197 | \$0 | \$1,526,514 |
| General Fund | 659,551 | 254 | 0 | 659,805 | 0 | 0 | 659,551 |
| State/Other Special | 527,766 | 341,473 | 75,000 | 944,239 | 339,197 | 0 | 866,963 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$1,187,317 | \$341,727 | \$75,000 | \$1,604,044 | \$339,197 | \$0 | \$1,526,514 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,399 | \$0 |
| FY07 | \$1,381 | \$0 |

PL- 7 - FTE for the Veterans Cemetery -

The executive recommends adding 1.00 FTE to operate and maintain the Eastern Montana Veterans Cemetery. Currently the cemetery is operated and maintained through two contracts; one for sexton services and the other for grounds maintenance and grave excavation. The contracts total \$32,000 and is already included in the program's base budget. Both services could be efficiently accomplished with an FTE at an estimated expense of \$33,399 in FY 2006 and \$33,381 in FY 2007, which includes wages, benefits and insurance costs. Though almost cost neutral to the budget, long-term stability to cemetery services and operations would be attained. The current contracts expire June 30, 2005.

Department of Military Affairs-6701 **Veterans Affairs Program-31**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$240,000 | \$0 |
| FY07 | \$240,000 | \$0 |

PL- 8 - Continue Cemetery Maintenance -

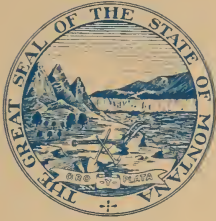
This request is for \$240,000 state special revenue spending authority each year of the biennium for the continued operation of the existing Montana Veterans cemeteries. Funding for these requests comes from the sale of veterans license plates, donations and plot allowances. This request would allow the expenditure of an increased funding stream created by the sale of the veteran's license plates for adequate repair and improvement of the state's veteran's cemeteries.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$75,000 | \$0 |
| FY07 | \$0 | \$0 |

NP- 16 - Purchase a Mobile Veterans Service Van – OTO -

Montana has the nation's second highest per capita veteran population, spread throughout the nation's fourth largest state. A mobile veterans service van will significantly augment the division's statewide veterans' services outreach program, focusing on Montana's Indian reservations, underserved rural areas, and attending major events where veterans gather (fairs, ceremonies, VA medical clinics, etc.). The cost of the fully equipped van would be \$75,000 state special revenue in FY 2006.



GOVERNOR
JUDY MARTZ

STATE OF MONTANA

SECTION E: EDUCATION

Office of Public Instruction
Board of Public Education
School for the Deaf & Blind
Montana Arts Council
Montana State Library
Montana Historical Society
Commissioner of Higher Education

Montana University System (MUS)
Montana State University
Colleges of Technology
Bureau of Mines & Geology
Agricultural Experiment Station
Cooperative Extension Service
Forestry Experiment Station
Fire Services Training School

OBPP Staff:

Mike Burke
Mark Bruno

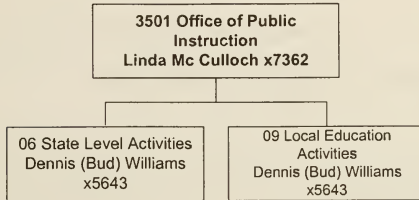
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GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

See page R-1 for specific agency assignments.

Office of Public Instruction-3501



Mission Statement - It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve.

Statutory Authority - Title 20, MCA

Executive Recommended Legislation -

The Executive recommends the following Office of Public Instruction (OPI) bills.

1. To increase school funding entitlements by the ratio of inflation as required by the statutory definition of present law.
2. To require the OPI pay the tuition for state placed students to districts instead of the county paying these costs from statewide school levies.

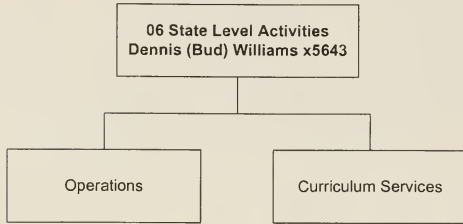
| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 125.31 | 4.35 | 1.00 | 130.66 | 4.40 | 1.50 | 131.21 |
| Personal Services | 6,115,508 | 631,352 | 51,599 | 6,798,459 | 627,602 | 75,924 | 6,819,034 |
| Operating Expenses | 7,434,615 | 2,095,039 | 238,970 | 9,768,624 | 2,421,324 | 258,403 | 10,114,342 |
| Equipment | 76,335 | 5,000 | 50,463 | 131,798 | 0 | 50,463 | 126,798 |
| Local Assistance | 509,984,289 | 8,466,265 | 2,170,593 | 520,621,147 | 13,899,729 | 3,090,015 | 526,974,033 |
| Grants | 119,604,611 | 14,082,528 | 85,000 | 133,772,139 | 21,003,299 | 85,000 | 140,692,910 |
| Total Costs | \$643,215,358 | \$25,280,184 | \$2,596,625 | \$671,092,167 | \$37,951,954 | \$3,559,805 | \$684,727,117 |
| General Fund | 514,085,061 | 8,713,666 | 2,588,625 | 525,387,352 | 14,164,535 | 3,551,805 | 531,801,401 |
| State/Other Special | 943,936 | 15,843 | 8,000 | 967,779 | 15,848 | 8,000 | 967,784 |
| Federal Special | 128,186,361 | 16,550,675 | 0 | 144,737,036 | 23,771,571 | 0 | 151,957,932 |
| Total Funds | \$643,215,358 | \$25,280,184 | \$2,596,625 | \$671,092,167 | \$37,951,954 | \$3,559,805 | \$684,727,117 |

| Agency proposed budget - including statutory appropriations | | | | | | | |
|---|-------------------------|--------------------------------|---------------------------|-------------------------------|--------------------------------|---------------------------|-------------------------------|
| | Base budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec.Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec.Budget Fiscal 2007 |
| General Fund | 514,085,061 | 8,713,666 | 2,588,625 | 525,387,352 | 14,164,535 | 3,551,805 | 531,801,401 |
| State Special - HB 2 | 943,936 | 15,843 | 8,000 | 967,779 | 15,848 | 8,000 | 967,784 |
| State Special - Statutory | 47,257,759 | 2,318,903 | | 49,576,662 | 2,140,903 | | 49,398,662 |
| Federal Special | 128,186,361 | 16,550,675 | | 144,737,036 | 23,771,571 | | 151,957,932 |
| Total Funds | \$ 690,473,117 | \$27,599,087 | \$2,596,625 | \$ 720,668,829 | \$ 40,092,857 | \$3,559,805 | \$ 734,125,779 |

The Statutory appropriations for K-12 come through the Guarantee Fund. The Guarantee Fund is comprised of interest earnings from the Common School Trust and trust land revenue. This funding is dedicated to schools.

Office of Public Instruction-3501

State Level Activities-06



Program Description - The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing statutorily prescribed duties. The program:

- 1) Supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board;
- 2) Responsible for the distribution and accounting of state and federal funds provided to school districts; and
- 3) Provides assistance and information to school districts.
- 4) Administers all federal grants received by OPI, including: curriculum assistance; special education; ESEA/NCLB administration; secondary vocational education administration; and other educational services.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Certified Staff (FTE) Employed by Public Schools | 12,079 | 12,038 | 11,985 | 12,000 | 12,000 | 12,000 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 125.31 | 4.35 | 1.00 | 130.66 | 4.40 | 1.50 | 131.21 |
| Personal Services | 6,115,508 | 631,352 | 51,599 | 6,798,459 | 627,602 | 75,924 | 6,819,034 |
| Operating Expenses | 7,432,791 | 2,394,863 | 238,970 | 10,066,624 | 2,721,148 | 258,403 | 10,412,342 |
| Equipment | 76,335 | 5,000 | 50,463 | 131,798 | 0 | 50,463 | 126,798 |
| Local Assistance | 19,301 | 4,000 | 0 | 23,301 | 4,000 | 0 | 23,301 |
| Total Costs | \$13,643,935 | \$3,035,215 | \$341,032 | \$17,020,182 | \$3,352,750 | \$384,790 | \$17,381,475 |
| General Fund | 4,452,922 | 243,552 | 333,032 | 5,029,506 | 260,957 | 376,790 | 5,090,669 |
| State/Other Special | 193,936 | 15,843 | 8,000 | 217,779 | 15,848 | 8,000 | 217,784 |
| Federal Special | 8,997,077 | 2,775,820 | 0 | 11,772,897 | 3,075,945 | 0 | 12,073,022 |
| Total Funds | \$13,643,935 | \$3,035,215 | \$341,032 | \$17,020,182 | \$3,352,750 | \$384,790 | \$17,381,475 |

Office of Public Instruction-3501 State Level Activities-06

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$38,822 | \$38,822 |
| FY07 | \$33,808 | \$33,808 |

PL- 12 - Provide Funding for Surplus Computers for Schools -

OPI began administering this program with existing staff and resources after it was authorized by the 1999 Legislature (18-6-101, MCA). As a result of growth in this program, OPI requests increasing an existing 0.25 FTE to a 0.50 FTE, providing storage space, supplies, phone and internet service to the storage facility, and provide funding to lease or purchase, operate and maintain an older model vehicle for hauling computers from a state agency to the storage facility. The general fund cost for these increases are \$38,822 in FY 2006 and \$33,808 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$3,540 | \$3,540 |
| FY07 | \$3,540 | \$3,540 |

PL- 13 - Education Licensure Increased costs -

The executive recommends a present law adjustment for the Education Licensure program in the amount of \$3,540 general fund in each year of the 2007 biennium for increased costs associated with scanning education licenses, conducting fingerprint-based background checks for initial applicants for an educator license, and for additional mailings to educators.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$22,883 | \$22,883 |
| FY07 | \$34,477 | \$34,477 |

PL- 16 - Audiology -

Current contracts for the audiological program total \$355,156. In order to maintain contractor participation the OPI anticipates needing to provide a minimum of a 3 percent increase per year. A 3 percent increase requires additional funding in the amount of \$22,883 in FY 2006 and \$34,477 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$29,250 | \$29,250 |
| FY07 | \$43,250 | \$43,250 |

PL- 18 - Statewide Student Assessment -

This request is for a present law adjustment to fund the increased costs associated with the Office of Public Instruction's contract with Riverside Publishing Company for administration of the Iowa Tests. The statewide student assessment is required by the Administrative Rules of the Board of Public Education for the accreditation of schools for grades 4, 8 and 11. The base for the Statewide Student Assessment is \$253,250 general fund. The present law adjustment for FY 2006 is \$29,250 and for FY 2007 is \$43,250 general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$15,000 | \$0 |
| FY07 | \$15,000 | \$0 |

PL- 26 - Growth in Commodities and Cooperative Purchasing -

This increase of \$15,000 in state special spending authority for the Commodities and Cooperative Purchasing budget from the current \$85,000 to \$100,000 for each year of the new biennium is the result of growing use of the program by private and public entities.

Office of Public Instruction-3501

State Level Activities-06

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,457,751 | \$0 |
| FY07 | \$2,755,494 | \$0 |

PL- 27 - Federal Grant Increases -

This \$5.2 million increase in federal spending authority for grant awards currently administered by the Office of Public Instruction are due to normal increases in federal funding. These funds are used to support the administration of current federal grants and to provide technical assistance to sub-grantees (districts and cooperatives).

| Federal Grant Increases | | |
|---|---------------------|---------------------|
| Program Name | FY 2006 | FY 2007 |
| Individuals with Disabilities Education Act Part B | \$ 468,536 | \$ 764,205 |
| Individuals with Disabilities Education Act Supervision | 300,000 | 300,000 |
| State Assessments | 1,151,630 | 1,153,037 |
| Reading First | 511,322 | 511,894 |
| Title V, Learn & Serve, Character Ed. | 26,263 | 26,358 |
| Total Federal Grant Awards | \$ 2,457,751 | \$ 2,755,494 |

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$93,371 | \$40,877 |
| FY07 | \$92,953 | \$40,336 |

PL- 29 - Indirect Cost of Base Adjustments -

The executive recommends additional appropriation authority for the indirect cost portion of the general fund, state special revenue fund and federal fund base adjustments. The general fund requirement is \$81,000, federal funds increased in the biennium. In addition to providing in central services within the agency, these adjustments fund increases in statewide cost assessments for the legislative audit, SABHRS costs, a portion of the increases in rent and others.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$49,738) | (\$49,738) |
| FY07 | (\$47,665) | (\$47,665) |

PL- 30 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 1.60 FTE and \$49,000 general fund per year are removed from the budget permanently.

Office of Public Instruction-3501

State Level Activities-06

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$248,032 | \$248,032 |
| FY07 | \$247,873 | \$247,873 |

NP- 4 - Indian Education for All -

This biennial general fund appropriation of \$500,000 and 1.00 FTE is to respond to our constitutional and statutory obligations to preserve the distinct and unique cultural heritage of American Indians. This appropriation will be used for:

- Annual summit and focus groups to receive/share information concerning issues in the education of American Indian students and to plan for the implementation of Indian Education for All;
- Extensive and focused professional development for teachers and administrators;
- Development of research based curricular materials and teaching strategies;
- Dissemination of effective practices;
- Regular meetings of the Montana Advisory Committee for Indian Education (MACIE) to provide policy advice to the State Superintendent and Board of Public Education; and Creation of a Native American Studies curriculum council.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,000 | \$0 |
| FY07 | \$8,000 | \$0 |

NP- 17 - Educator Preparation Unit Reviews -

OPI requests \$16,000 state special authority to spend the funds paid by campuses of the Montana Institutions of Higher Education for review of educator preparation programs. Programs are reviewed for compliance with the teacher preparation standards adopted by the Board of Public Education. Fees charged for this service are a flat fee of \$500 per campus, plus \$50 for each program to be reviewed.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$43,917 | \$43,917 |

NP- 53 - Gifted and Talented Assistance -

An increase of 0.50 FTE and \$43,917 general fund would be added to the Office of Public Instruction staff in FY 2007 to assist districts in providing gifted and talented education to students throughout the state. This would improve gifted and talented education throughout the state by providing technical assistance and support to all districts.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$85,000 | \$85,000 |
| FY07 | \$85,000 | \$85,000 |

NP- 54 - Audiology Equipment – Restricted/OTO -

Replacement of the equipment used to test the hearing of students across the state is needed. Much of the current equipment is beyond its useful life. This \$170,000 general funds one-time-only appropriation will ensure that all equipment used in the state will be functional and up to date.

Office of Public Instruction-3501

Local Education Activities-09

09 Local Education Activities
Dennis (Bud) Williams x5643

Program Description - The Local Education Activities program is used by OPI to distribute various state and federal funds to local education agencies.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| K-12 Public School Enrollment | 151,947 | 149,995 | 148,356 | 146,702 | 144,985 | 143,729 |
| Public Schools | 877 | 866 | 859 | 855 | 855 | 855 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 1,824 | 176 | 0 | 2,000 | 176 | 0 | 2,000 |
| Local Assistance | 509,964,988 | 8,462,265 | 2,170,593 | 520,597,846 | 13,895,729 | 3,090,015 | 526,950,732 |
| Grants | 119,604,611 | 14,082,528 | 85,000 | 133,772,139 | 21,003,299 | 85,000 | 140,692,910 |
| Total Costs | \$629,571,423 | \$22,544,969 | \$2,255,593 | \$654,371,985 | \$34,899,204 | \$3,175,015 | \$667,645,642 |
| General Fund | 509,632,139 | 8,470,114 | 2,255,593 | 520,357,846 | 13,903,578 | 3,175,015 | 526,710,732 |
| State/Other Special | 750,000 | 0 | 0 | 750,000 | 0 | 0 | 750,000 |
| Federal Special | 119,189,284 | 14,074,855 | 0 | 133,264,139 | 20,995,626 | 0 | 140,184,910 |
| Total Funds | \$629,571,423 | \$22,544,969 | \$2,255,593 | \$654,371,985 | \$34,899,204 | \$3,175,015 | \$667,645,642 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,727,904 | \$5,727,904 |
| FY07 | \$10,676,730 | \$10,676,730 |

PL- 1 - K-12 BASE Aid -

This request is for funding for the K-12 BASE Aid Present Law Adjustment as defined by Section 20-9-326, MCA and adjusted for available Guarantee Fund revenue. It includes inflation on the basic and per-ANB entitlements and adjustments for changes in enrollment. The inflator for FY 2006 (calculated using CPI-Urban indexes for July 2000 and July 2003) is 2.10 percent. The inflator for FY 2007 (calculated using CPI-Urban indexes for July 2001 and July 2004) is 2.19 percent. ANB (number of students) are anticipated to decline 1.4 percent in FY 2006 and 1.2 percent in FY 2007. The resulting increases in state aid to district base budgets are \$6.3 million in FY 2006 and \$11.1 million in FY 2007.

An anticipated increase in the Guarantee Fund Revenues of \$0.6 million in FY 2006 and \$0.4 million in FY 2007 offset increases in general fund by a like amount. The net increase in general fund cost is \$5.7 million in FY 2006 and \$10.7 million in FY 2007.

Office of Public Instruction-3501

Local Education Activities-09

Table E-2
Entitlements, Enrollments, and State Aid

| | FY 2003 actual | FY 2004 actual | FY 2005 estimate | FY 2006 recommend | FY 2007 recommend |
|---|----------------|----------------|------------------|-------------------|-------------------|
| <u>Elementary entitlements</u> | | | | | |
| per district | \$19,244 | \$19,456 | \$19,859 | \$20,275 | \$20,718 |
| per ANB (approx./student) | \$3,906 | \$3,949 | \$4,031 | \$4,116 | \$4,206 |
| <u>High School entitlements</u> | | | | | |
| per district | \$213,819 | \$216,171 | \$220,646 | \$225,273 | \$230,199 |
| per ANB (approx./student) | \$5,205 | \$5,262 | \$5,371 | \$5,484 | \$5,604 |
| <u>Special Education Block Grant</u> | \$ 34,912,640 | \$ 34,912,640 | \$36,448,452 | \$37,167,113 | \$37,980,001 |
| <u>Statewide figures</u> | | | | | |
| Average number belonging (ANB) | 151,499 | 149,425 | 147,607 | 145,511 | 143,714 |
| State aid district general fund (millions) (does not include HB124 grants) | \$459.7 | \$460.8 | \$465.2 | \$471.7 | \$476.7 |
| State aid/ANB district general fund | \$3,034 | \$3,084 | \$3,152 | \$3,241 | \$3,317 |

Total Agency Impact **General Fund Total**

| | | |
|------|-------------|-------------|
| FY06 | \$1,535,812 | \$1,535,812 |
| FY07 | \$1,535,812 | \$1,535,812 |

PL- 5 - Special Education Increase to FY 2005 level -

The state special education expenditure in the base year was \$34,900,310. In FY 2005 the amount available to distribute is \$36,436,122, for a difference of \$1,535,812 per year. This general fund increase to the FY 2005 level is both a present law increase and federal maintenance of effort requirement

Total Agency Impact **General Fund Total**

| | | |
|------|-----------|-----------|
| FY06 | \$100,000 | \$100,000 |
| FY07 | \$200,000 | \$200,000 |

PL- 19 - Transportation Aid - Increased State Obligation -

An increase in the state general fund obligation for school district on schedule transportation costs is anticipated to increase by \$100,000 in each year of the next biennium. Increased costs are primarily due to changes in the number of bus miles and the size of the buses approved by the county school transportation committee.

Total Agency Impact **General Fund Total**

| | | |
|------|-----------|-----------|
| FY06 | \$140,558 | \$140,558 |
| FY07 | \$140,558 | \$140,558 |

PL- 20 - School Facility Reimbursement -

To promote safe school facilities and as a measure of taxpayer fairness, Montana has established a statutory formula for providing state payments to low property tax wealth school districts to assist with debt service payments on school bonds. The state school facility reimbursement expenditure in the base year was \$8,270,735 general fund. In FY 2005 the amount available to distribute is \$8,411,293, for a difference of \$140,588 general fund per year. The increase to the FY 2005 level is a present law adjustment.

Office of Public Instruction-3501

Local Education Activities-09

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$754,633 | \$754,633 |
| FY07 | \$1,136,257 | \$1,136,257 |

PL- 22 - School Block Grants -

20-9-630 and 632, MCA provides for an annual 0.76 percent increase in the county transportation and school district block grants. These block grants originated from HB 124 of the 2001 legislative session and are intended to replace former local sources of revenue to school districts with state general fund. The general fund increase is \$754,633 in FY 2006 and \$1,136,257 in FY 2007.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,256 | \$7,256 |
| FY07 | \$10,270 | \$10,270 |

PL- 23 - School District Audit Filing Fee -

This increase in general fund authority for school district audit filing fees of \$7,256 in FY 2006 and \$10,270 in FY 2007 will allow OPI to pay school district audit filing. Payment of this fee from the OPI to the Department of Administration is required by 2-7-514(2), MCA. This increase assumes school district revenues will increase 3 percent each year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$203,951 | \$203,951 |
| FY07 | \$203,951 | \$203,951 |

PL- 25 - Biennial Appropriations -

This \$203,951 general fund per year present law adjustment establishes biennial appropriations in each year at half of the amount appropriated for the 2005 biennium. In the base year each of these appropriations spent less than half of the biennial appropriation. The increase maintains the present law amounts. The biennial appropriations include:

- Instate treatment - \$1,949,792
- Secondary Vo-ed - \$1,430,000
- Adult Basic Ed - \$550,000
- Gifted and Talented - \$300,000
- School Foods - \$1,297,306

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$14,074,855 | \$0 |
| FY07 | \$20,995,626 | \$0 |

PL- 28 - Increasing Federal authority to anticipated level -

This \$35 million biennial adjustment in federal spending authority for grant awards currently administered by the Office of Public Instruction adjusts appropriations to the anticipated level of federal revenue.

| Federal Grant Increases | | |
|--|----------------------|----------------------|
| Program Name | FY 2006 | FY 2007 |
| Individuals with Disabilities Education Act Part B | \$ 6,999,855 | \$ 11,470,626 |
| Title VI Part B - 21st Century | 2,200,000 | 2,200,000 |
| Child Nutrition - School Lunch | 2,200,000 | 3,600,000 |
| Child Nutrition - School Breakfast | 1,000,000 | 1,800,000 |
| Child Nutrition - Summer Food | 500,000 | 750,000 |
| Title II, Part B - Math/Science | 675,000 | 675,000 |
| Title I | 500,000 | 500,000 |
| Total Federal Grant Awards | \$ 14,074,855 | \$ 20,995,626 |

Office of Public Instruction-3501

Local Education Activities-09

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$885,593 | \$885,593 |
| FY07 | \$1,805,015 | \$1,805,015 |

NP- 6 - Special Education Increase -

In addition to the amount appropriated in FY 2005, the executive is recommending that the inflationary adjustment provided in Section 20-9-326, MCA be applied to special education funding as well as basic and per ANB entitlements. The inflators used for entitlements are 2.10 percent in FY 2006 and 2.19 percent in FY 2007. The additional general fund requirement is \$2.7 million in the biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,000,000 | \$1,000,000 |
| FY07 | \$1,000,000 | \$1,000,000 |

NP- 21 - Additional School Facility Reimbursement -

In addition to the present law increase provided for school facility reimbursement, the executive recommends an additional \$1 million general fund each year of the biennium to be distributed to school districts for school facility bond payments. As additional bonds are passed throughout the state additional state support is needed to keep the pro-ratio of eligible costs close to 100%.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$85,000 | \$85,000 |
| FY07 | \$85,000 | \$85,000 |

NP- 50 - Additional funding - Gifted and Talented -

This proposal adds \$85,000 general fund per year to the current gifted and talented block grant of \$150,000 per year. These funds are used to provide a small amount of earmarked funds for the gifted and talented programs in schools, most gifted and talented funding services are provided by the district general fund budgets.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$285,000 | \$285,000 |
| FY07 | \$285,000 | \$285,000 |

NP- 51 - Additional funding - Career and Technical Education -

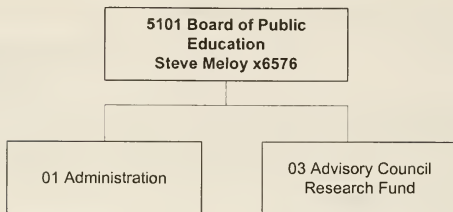
This request increases the state Career and Technical Education allocation from \$715,000 to \$1,000,000 general fund per year. The requested funding is distributed to schools help Career and Technical Education programs keep pace with the student needs for education in today's technical economy. New technologies and constantly emerging career opportunities require continual program improvement, professional development and well-equipped learning environments.

Language Recommendations –

All revenue received in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121 is appropriated as provided in Title 20, chapter 7, part 5. This appropriation may not exceed \$1 million a year.

The office of public instruction may distribute funds from the appropriation in item ____ (Instate Treatment) to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs.

Board of Public Education-5101



Mission Statement - The Board of Public Education shall carry out its constitutional and statutory responsibility in an exemplary manner to exercise general supervision over the public school system and other such public educational institutions as may be assigned by law. In doing so, the board will cooperate with the Governor and other elected officials, the Board of Regents, Superintendent of Public Instruction, local school boards, the education community and all Montana citizens, including its students.

Statutory Authority - Article X, Section 9, Montana Constitution; 2-15-1507 and 2-15-1522, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 4.00 | 0.00 | 0.00 | 4.00 | 0.00 | 0.00 | 4.00 |
| Personal Services | 212,729 | 5,770 | 3,300 | 221,799 | 6,120 | 3,300 | 222,149 |
| Operating Expenses | 81,365 | 50,768 | 6,700 | 138,833 | 46,779 | 6,700 | 134,844 |
| Total Costs | \$294,094 | \$56,538 | \$10,000 | \$360,632 | \$52,899 | \$10,000 | \$356,993 |
| General Fund | 141,309 | 18,983 | 7,000 | 167,292 | 17,039 | 7,000 | 165,348 |
| State/Other Special | 152,785 | 37,555 | 3,000 | 193,340 | 35,860 | 3,000 | 191,645 |
| Total Funds | \$294,094 | \$56,538 | \$10,000 | \$360,632 | \$52,899 | \$10,000 | \$356,993 |

Board of Public Education-5101 Administration-01

01 Administration

Program Description - The staff of the Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 88,518 | 32,593 | 3,300 | 124,411 | 32,950 | 3,300 | 124,768 |
| Operating Expenses | 52,791 | 1,378 | 6,700 | 60,869 | (923) | 6,700 | 58,568 |
| Total Costs | \$141,309 | \$33,971 | \$10,000 | \$185,280 | \$32,027 | \$10,000 | \$183,336 |
| General Fund | 141,309 | 18,983 | 7,000 | 167,292 | 17,039 | 7,000 | 165,348 |
| State/Other Special | 0 | 14,988 | 3,000 | 17,988 | 14,988 | 3,000 | 17,988 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$141,309 | \$33,971 | \$10,000 | \$185,280 | \$32,027 | \$10,000 | \$183,336 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,350 | \$1,350 |
| FY07 | \$1,350 | \$1,350 |

PL - 1 - Per Diem Reinstated -

Restore \$1,350 in each year of the biennium provides board member per diem which is deleted from the actual FY 2004 expenditures in creating the base budget.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$6,000 | \$3,000 |
| FY07 | \$6,000 | \$3,000 |

NP- 2 - Out-of-State Travel -

The Board of Public Education is currently a member of the National Association of State Boards of Education (NASBE), which provides technical support and assistance on a variety of state and federal educational issues such as the No Child Left Behind legislation. This decision package will provide \$3,000 state special revenue and \$3,000 general fund in each year of the biennium for board members travel to NASBE events.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$4,000 | \$4,000 |
| FY07 | \$4,000 | \$4,000 |

NP- 3 - Additional Meetings - Board of Education -

Provide travel and per diem of \$4,000 general fund in each year of the biennium will allow the Board of Public Education to meet with the Board of Regents as the Board of Education for two meetings each fiscal year. The Board of Public Education is currently funded to meet eight times a year. Pursuant to 20-2-101 (6), MCA the Board of Public Education and the Board of Regents need to meet at least twice yearly as the Board of Education. Currently, both Boards meet this mandate by overlapping their January and July meetings.

Board of Public Education-5101 Advisory Council-03

03 Advisory Council

Program Description - The seven-member Certification Standards and Practices Advisory Council was created by the Legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: 1) teacher, administrator, and specialist certification standards; 2) the status and efficacy of approved teacher education programs; and 3) the feasibility of establishing teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council. The advisory council is created in 2-15-1522, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 124,211 | (26,823) | 0 | 97,388 | (26,830) | 0 | 97,381 |
| Operating Expenses | 28,574 | 49,390 | 0 | 77,964 | 47,702 | 0 | 76,276 |
| Total Costs | \$152,785 | \$22,567 | \$0 | \$175,352 | \$20,872 | \$0 | \$173,657 |
| State/Other Special | 152,785 | 22,567 | 0 | 175,352 | 20,872 | 0 | 173,657 |
| Total Funds | \$152,785 | \$22,567 | \$0 | \$175,352 | \$20,872 | \$0 | \$173,657 |

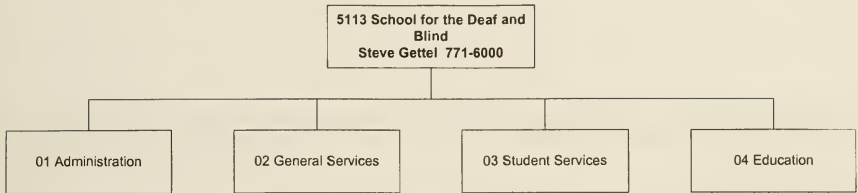
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$47,500 | \$0 |
| FY07 | \$47,500 | \$0 |

PL- 7000 - Tie Appropriations to Anticipated Revenue -

Research state special revenue is anticipated to be \$58,000 in FY 2006 and \$60,000 in FY 2007 with an estimated balance of \$113,769 in FY 2005. This adjustment of \$47,500 in FY 2006 and 2007 brings the research fund spending appropriation to \$60,000 in each year of the biennium. The research revenue is designated by 20-4-109, MCA for activities in support of the constitutional and statutory duties of the Board of Public Education and the Certification Standards and Practices Advisory Council.

School for the Deaf and Blind-5113



Mission Statement - To provide to deaf children and blind children in the State of Montana a quality comprehensive education that will impart the opportunities to enable them to achieve their greatest potential of independence and success; and to serve as a resource center providing information, consultation, technical assistance, and leadership to (1) parents of deaf and/or blind children not yet enrolled in an educational program, (2) to public schools in the state having deaf and/or blind children enrolled, and (3) to organizations and individuals concerned with the provision of services to these children.

Statutory Authority - Title 20, Chapter 8, part 1, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 81.68 | (0.73) | 0.00 | 80.95 | (0.73) | 0.00 | 80.95 |
| Personal Services | 3,285,424 | 475,472 | 0 | 3,760,896 | 475,109 | 0 | 3,760,533 |
| Operating Expenses | 561,260 | 48,297 | 0 | 609,557 | 15,955 | 0 | 577,215 |
| Total Costs | \$3,846,684 | \$523,769 | \$0 | \$4,370,453 | \$491,064 | \$0 | \$4,337,748 |
| General Fund | 3,408,893 | 575,943 | 0 | 3,984,836 | 543,238 | 0 | 3,952,131 |
| State/Other Special | 341,095 | (58,343) | 0 | 282,752 | (58,343) | 0 | 282,752 |
| Federal Special | 96,696 | 6,169 | 0 | 102,865 | 6,169 | 0 | 102,865 |
| Total Funds | \$3,846,684 | \$523,769 | \$0 | \$4,370,453 | \$491,064 | \$0 | \$4,337,748 |

School for the Deaf and Blind-5113

Administration Program-01

01 Administration

Program Description - The Administration Program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school.

Program Indicators -

| Indicator | Actual FY 2002 | Actual FY 2003 | Actual FY 2004 | Projected FY 2005 | Projected FY 2006 | Projected FY 2007 |
|---|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Campus Based Services 20-8-102 MCA, 10.61.102 ARM | | | | | | |
| Total Served | 314 | 439 | 453 | 459 | 467 | 471 |
| Education Program - Deaf | 53 | 48 | 51 | 54 | 56 | 56 |
| Education Program - Blind | 27 | 25 | 24 | 25 | 26 | 27 |
| Residential Program * | 42 | 40 | 37 | 40 | 43 | 44 |
| Evaluations - Educational | 32 | 29 | 23 | 30 | 32 | 34 |
| Evaluations - Audiological | 160 | 297 | 318 | 310 | 310 | 310 |
| Outreach and Itinerant Services 20-8-102 MCA, 10.61.102 ARM | | | | | | |
| Total Served | 255 | 292 | 301 | 303 | 300 | 297 |
| Consultation Services - Deaf | 75 | 89 | 95 | 95 | 93 | 91 |
| Family Advisor Program | 10 | 15 | 18 | 20 | 22 | 24 |
| Consultation Services - Blind | 170 | 188 | 188 | 188 | 185 | 182 |
| Summer Programs 20-8-102 MCA, 10.61.103 ARM | | | | | | |
| Total Participants | 206 | 251 | 287 | 315 | 320 | 320 |
| Summer Skills Program for Blind | 8 | 13 | 8 | 10 | 12 | 12 |
| Summer Camp for Deaf/Hearing Impaired | 21 | 28 | 26 | 26 | 28 | 28 |
| Family Learning Weekend - Blind | 57 | 85 | 90 | 99 | 105 | 105 |
| Family Learning Weekend - Deaf | 120 | 125 | 163 | 180 | 175 | 175 |
| Professional Development - Parents, School Districts and Education Associations - (Not including training for MSDB staff) 20-8-102 MCA | | | | | | |
| Total Participants | 785 | 1,100 | 1,377 | 1,710 | 1,795 | 1,885 |
| Number of Training Sessions | 43 | 54 | 90 | 95 | 100 | 105 |
| Total Population Served | 1,560 | 2,082 | 2,418 | 2,787 | 2,882 | 2,973 |
| Percent Change Over Previous Year | +40% | +33% | +14% | +13% | +3% | +3% |

* Residential Program numbers include individuals that are also served in the Education Programs for Deaf, Blind.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 258,906 | (1,117) | 0 | 257,789 | (1,143) | 0 | 257,763 |
| Operating Expenses | 71,756 | 34,147 | 0 | 105,903 | 8,479 | 0 | 80,235 |
| Total Costs | \$330,662 | \$33,030 | \$0 | \$363,692 | \$7,336 | \$0 | \$337,998 |
| General Fund | 330,662 | 32,591 | 0 | 363,253 | 6,897 | 0 | 337,559 |
| State/Other Special | 0 | 439 | 0 | 439 | 439 | 0 | 439 |
| Total Funds | \$330,662 | \$33,030 | \$0 | \$363,692 | \$7,336 | \$0 | \$337,998 |

School for the Deaf and Blind-5113

General Services-02

02 General Services

Program Description - The General Services Program staff are responsible for general upkeep and maintenance of the school's eight buildings and 12-acre campus.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 4.00 | 0.00 | 0.00 | 4.00 | 0.00 | 0.00 | 4.00 |
| Personal Services | 128,630 | 19,135 | 0 | 147,765 | 19,854 | 0 | 148,484 |
| Operating Expenses | 254,389 | 11,598 | 0 | 265,987 | 4,827 | 0 | 259,216 |
| Total Costs | \$383,019 | \$30,733 | \$0 | \$413,752 | \$24,681 | \$0 | \$407,700 |
| General Fund | 383,019 | 30,733 | 0 | 413,752 | 24,681 | 0 | 407,700 |
| Total Funds | \$383,019 | \$30,733 | \$0 | \$413,752 | \$24,681 | \$0 | \$407,700 |

There are no decision packages (DP) in this program.

School for the Deaf and Blind-5113

Student Services-03

03 Student Services

Program Description - The Student Services Program provides residential care for children living at the school.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 29.74 | 0.00 | 0.00 | 29.74 | 0.00 | 0.00 | 29.74 |
| Personal Services | 906,663 | 146,396 | 0 | 1,053,059 | 150,025 | 0 | 1,056,688 |
| Operating Expenses | 99,047 | 4,833 | 0 | 103,880 | 4,930 | 0 | 103,977 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$1,005,710 | \$151,229 | \$0 | \$1,156,939 | \$154,955 | \$0 | \$1,160,665 |
| General Fund | 977,958 | 149,870 | 0 | 1,127,828 | 153,596 | 0 | 1,131,554 |
| Federal Special | 27,752 | 1,359 | 0 | 29,111 | 1,359 | 0 | 29,111 |
| Total Funds | \$1,005,710 | \$151,229 | \$0 | \$1,156,939 | \$154,955 | \$0 | \$1,160,665 |

There are no decision packages (DP) in this program.

School for the Deaf and Blind-5113 Education-04

04 Education

Program Description - The Education Program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves visually and hearing impaired children who remain in their local school districts by providing deaf/blind educational support services to the students' local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 42.94 | (0.73) | 0.00 | 42.21 | (0.73) | 0.00 | 42.21 |
| Personal Services | 1,991,225 | 311,058 | 0 | 2,302,283 | 306,373 | 0 | 2,297,598 |
| Operating Expenses | 136,068 | (2,281) | 0 | 133,787 | (2,281) | 0 | 133,787 |
| Total Costs | \$2,127,293 | \$308,777 | \$0 | \$2,436,070 | \$304,092 | \$0 | \$2,431,385 |
| General Fund | 1,717,254 | 362,749 | 0 | 2,080,003 | 358,064 | 0 | 2,075,318 |
| State/Other Special | 341,095 | (58,782) | 0 | 282,313 | (58,782) | 0 | 282,313 |
| Federal Special | 68,944 | 4,810 | 0 | 73,754 | 4,810 | 0 | 73,754 |
| Total Funds | \$2,127,293 | \$308,777 | \$0 | \$2,436,070 | \$304,092 | \$0 | \$2,431,385 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,930 | \$10,930 |
| FY07 | \$10,930 | \$10,930 |

PL- 2 - Extracurricular Compensation -

The school pays staff for supervising or coaching extracurricular activities in sports and other school functions, which is contained in the collective bargaining agreement. The executive recommends \$10,930 general fund in each year of the biennium to pay this compensation. Included in this amount are \$9,234 in salaries and \$1,696 in employer paid benefits.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 5 - Replacement Lease Vehicles -

Lease a car and van to replace vehicles used by the Outreach Consultant and the school in Great Falls. The total cost for both lease vehicles is \$10,217 per year. The total lease cost is offset by base reductions in operating expenses of \$10,217 and no increase to the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$31,328) | (\$31,328) |
| FY07 | (\$31,259) | (\$31,259) |

PL- 7 - Statewide FTE Reduction -

This decision package implements an FTE based on the reductions taken in the 2003 legislative session. This 0.73 FTE and \$31,000 general fund per year are removed from the budget permanently.

Montana Arts Council-5114

Promotion of the Arts-01

5114 Montana Arts Council
Arlynn Fishbaugh x6430

01 Promotion of the Arts

Mission Statement - To encourage the study and presentation of the arts in Montana and to stimulate public interest and participation.

Statutory Authority - 22-2-101-109, MCA.

Program Description - The Montana Arts Council (council) cooperates with public and private institutions engaged in artistic and cultural activities. The council cooperates with public and private institutions engaged in artistic and cultural activities. The council: 1) recommends appropriate methods to encourage participation in and appreciation of the arts; 2) fosters interest in the state's cultural heritage; 3) expands the state's cultural resources; and 4) encourages and assists freedom of artistic expression through ongoing programs and council initiated projects. The council administers the Cultural and Aesthetic Projects Advisory Committee authorized in 22-2-302, MCA. This committee reviews all proposals for cultural and aesthetic project grants and presents its recommendations to the legislature.

Language Recommendations- "All federal funds in item 1 are biennial appropriations."

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 7.00 | 0.00 | 0.00 | 7.00 | 0.00 | 0.00 | 7.00 |
| Personal Services | 374,214 | 58,146 | 0 | 432,360 | 58,441 | 0 | 432,655 |
| Operating Expenses | 198,491 | (13,167) | 5,000 | 190,324 | (41,882) | 5,000 | 161,509 |
| Grants | 452,330 | 10,054 | 0 | 462,384 | 14,747 | 0 | 467,077 |
| Transfers | 0 | 0 | 40,000 | 40,000 | 0 | 0 | 0 |
| Total Costs | \$1,025,035 | \$55,033 | \$45,000 | \$1,125,068 | \$31,306 | \$5,000 | \$1,061,341 |
| General Fund | 286,250 | 25,106 | 45,000 | 356,356 | (345) | 5,000 | 290,905 |
| State/Other Special | 158,801 | 7,177 | 0 | 165,978 | 8,901 | 0 | 167,702 |
| Federal Special | 579,984 | 22,750 | 0 | 602,734 | 22,750 | 0 | 602,734 |
| Total Funds | \$1,025,035 | \$55,033 | \$45,000 | \$1,125,068 | \$31,306 | \$5,000 | \$1,061,341 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$558 | \$158 |
| FY07 | \$3,618 | \$1,008 |

PL- 1 - Rent Increase -

This is the cost and funding for the present law increase in rent under the negotiated lease with the City-County Administration and the Department of Administration. The increase is projected at 3% per year. The cost of rent is shared \$1,166 general fund, \$1,844 state special revenue and \$1,166 federal funds over the biennium.

Montana Arts Council-5114 **Promotion of the Arts-01**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$6,428 | \$6,428 |
| FY07 | \$4,902 | \$4,902 |

PL- 2 - Equipment Replacement -

Computer replacement of four PC's, two laptops and two printers is funded with general fund.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,054 | \$0 |
| FY07 | \$14,747 | \$0 |

PL- 4 - Federal Funds Increase -

This increase is allocated by the National Endowment for Arts for Challenge America purposes. The Basic State Plan funds decreased while the Challenge America funds increased providing funding over the biennium of approximately \$24,800 federal funds.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$26,176 | \$12,597 |
| FY07 | \$15,561 | \$7,089 |

PL- 5 - Administrative Cost Adjustments -

This decision package establishes the anticipated cost of per diem for the Council, Cultural & Aesthetic Projects and the Citizens Advisory Panel and allows for other basic adjustments such as professional services, legal fees, printing, in-state lodging and a state and federal required strategic plan. Funding will also provide for mid-tier processing and LAN administration from ITSD for approximately \$9,700 over the biennium. The funding of this proposal is \$19,686 general fund, \$5,038 state special revenue fund and \$17,013 federal funds.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$45,000) | (\$15,000) |
| FY07 | (\$45,000) | (\$15,000) |

PL- 7000 - Alternative Pay Plan Conversion -

At the end of FY 2004 the agency converted to the alternative pay plan 20. The alternative pay plan allows the agency to compensate employees at the level necessary to recruit and retain a qualified department staff. This increase in pay expenditures is captured in the budgeting process and included in statewide present law adjustments. The annual cost of the conversion is approximately \$45,000 and funding is split evenly between general fund, state special revenue and federal special revenue. Without this reduction in budget authority, the agency budget would increase by \$45,000 without the direct approval of the legislature. The operating budget for the program is being reduced by a like amount to fund the conversion.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,000 | \$5,000 |
| FY07 | \$5,000 | \$5,000 |

NP- 3 - E-Grants and Data Base System – Restricted/OTO-

This request is one-time-only, restricted and biennial and will be paid from one-time general fund revenues. ITSD has submitted a proposal on behalf of the Montana Arts Council to develop and design a database and an e-grants system. The project is expected to enhance the grant submission and review process for the council. The project will cost \$10,000 over the biennium.

Montana Arts Council-5114

Promotion of the Arts-01

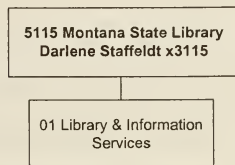
| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$40,000 | \$40,000 |
| FY07 | \$0 | \$0 |

NP- 7001 - Additional Grant Money for Loss of C&A Interest –Restricted/OTO-

This request is one-time-only, restricted biennial appropriation transfer to the Cultural & Aesthetic (C&A) Project Fund and will be paid from one-time revenues. It provides additional resources for grants for the Montana Arts Council in House Bill 2 to soften the interest earnings reductions in the C&A Trust Fund. The executive budget transfers \$3.9 million of general fund to the C&A Trust Fund and removes all of the general fund that had been contained in HB 9 (C&A Grant Awards) in previous biennia.

Library Commission-5115

Statewide Library Resources-01



Mission Statement - To help all citizens receive the information services that they need to improve or enhance their lives by providing comprehensive information about natural resources; fulfilling the information needs of state agency employees; preserving state publications; improving public library services; promoting cooperation among Montana libraries of all types; and providing reading material to those with physical disabilities.

Statutory Authority - Title 22, Chapter 1, and Title 90, Chapter 15, MCA.

Program Description - The State Library Operations Program provides 1) information services to state government employees and officials; 2) assistance to all public libraries; 3) reading material for all blind and physically handicapped Montana residents; 4) direction to the six library federations and 5) a centralized depository for natural resources information. This program also administers the state documents depository system, functions as a partial depository for federal government publications, and coordinates the development of information resources and library information systems throughout the state. The program also manages the budgetary, personnel, and administrative functions of the State Library.

Language Recommendations- "Item 1 includes biennial appropriations of \$251,138 in general fund money and \$850,000 in federal funds for grants to local libraries."

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Consulting contacts | 11,558 | 10,976 | 12,324 | 12,714 | 13,731 | 14,175 |
| Talking book circulation | 145,384 | 144,828 | 141,864 | 144,700 | 147,600 | 153,500 |
| Digital Library – Reference request | 7,637 | 7,180 | 4,604 | 5,064 | 5,571 | 6,128 |
| Digital Library – Visitor sessions to web based services | 608,525 | 761,000 | 847,023 | 890,000 | 934,500 | 981,225 |

Consulting Contacts defined as providing information and advise to librarians (mainly the 79 public library directors and staff, but occasionally to the 646 academic, special or school librarians), trustees (five for each of the 79 public libraries), administrators, and users of Montana libraries on all aspects of providing library services to Montanans. This consulting is provided on an variety of topics including, but not limited to, donations, censorship, e-rate application forms, library certification, technology plans, use of OCLC/WLN, use of MLN gateway, long range planning, statewide periodical database usage, collection development guidelines, internet connectivity, budgeting, acceptable use policies, trustee training, children's services, availability of grant funds, library personnel issues.

Talking Book Library. The active patron population remains fairly consistent at approximately 2,600 patrons. At this time this number includes only the physical talking books provided not the web services provided.

Library Commission-5115 Statewide Library Resources-01

The **Montana State Digital Library (MSdL)**, which comprises Library and Information Services (LIS) and the Natural Resources Information System (NRIS), provides resources to support the information needs of state agency management and staff, Montana librarians, and the public, including businesses and students. Specialized information resources include State of Montana publications, natural resource information (NRIS is the recognized point of access for GIS information), and information about the unique plants and animals of Montana. Digital Library services are offered to users through robust and easy-to-use resources via the Internet and through one-on-one assistance.

Number of reference services (sometimes referred to as mediated or staff-assisted services) and number of on-line services provided are good indicators that the Digital Library meets the needs of its clients.

Reference Services include those information transactions in which a staff member responds to an inquiry. These often involve research and assimilation of data and information from various sources on behalf of the patron. Reference services decreased during FY 2004 due to transition activities – moving from print-based library services to electronic-based library services. Expectations are that the number of reference services provided will again increase as the volume of data and information served through the library grows. Although reliance on Web-based services will continue to increase (see Visitor Sessions statistics), there will also be an increasing need for library staff to be able to intelligently filter, interpret, customize and package digital information on behalf of patrons.

A **Visitor Session to a web based information resource** is defined as a discrete period of time during which a unique user comes to our web site and uses the resources on any given day. Visitor sessions represent a visit to our digital library during which a patron may utilize several different information resources; this statistic reflects the value of a particular web-based resource more accurately than "hits" or similar measurements sometimes used. In FY 2004, 847,023 visitor sessions averaged approximately 13 minutes each. This translates to 504 hours of web service usage by our patrons for every calendar day of the year.

| Program Proposed Budget | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | | | | | | | |
| FTE | 28.50 | 0.00 | 1.00 | 29.50 | 0.00 | 1.00 | 29.50 |
| Personal Services | 1,466,723 | (186,892) | 29,645 | 1,309,476 | (186,551) | 29,565 | 1,309,737 |
| Operating Expenses | 1,311,150 | (24,295) | 0 | 1,286,855 | (37,274) | 0 | 1,273,876 |
| Equipment | 74,885 | 3,534 | 70,000 | 148,419 | 5,300 | 0 | 80,185 |
| Grants | 423,332 | 883,316 | 25,136 | 1,331,784 | 277,655 | 25,136 | 726,123 |
| Total Costs | \$3,276,090 | \$675,663 | \$124,781 | \$4,076,534 | \$59,130 | \$54,701 | \$3,389,921 |
| General Fund | 1,497,806 | 224,506 | 124,781 | 1,847,093 | 7,972 | 54,701 | 1,560,479 |
| State/Other Special | 1,020,396 | 28,351 | 0 | 1,048,747 | 28,352 | 0 | 1,048,748 |
| Federal Special | 757,888 | 422,806 | 0 | 1,180,694 | 22,806 | 0 | 780,694 |
| Total Funds | \$3,276,090 | \$675,663 | \$124,781 | \$4,076,534 | \$59,130 | \$54,701 | \$3,389,921 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$28,351 | \$0 |
| FY07 | \$28,352 | \$0 |

PL- 2 - Library Federation Support -

The Coal Tax Shared account will provide funding to the Library Federation program of \$56,703 over the biennium. Federations offer library workers in Montana's rural areas the benefits of quality education opportunities and the ability to leverage local and state funds to purchase expensive library services and products.

Library Commission-5115

Statewide Library Resources-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$768,202 | \$107,278 |
| FY07 | \$162,540 | (\$98,384) |

PL- 8 - Standard Base Adjustments -

The decision package reestablishes zero-based per diem and volunteer insurance, increases the federal authority to the estimated grant awards and realigns the biennial appropriation and establishes it in the first year of the biennium. FY 2007 appears negative due to moving the full appropriation back into FY 2006. The biennial increase of these adjustments is \$8,894 in general funds and \$921,848 in federal funds.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$0 | \$0 |

PL- 10 - Transfer Base Expenditures from Renewable Resource to Reclamation and Development -

The Natural Resource Information System Program (NRIS) at the State Library is partially funded with Renewable Resource (02272) funds and Reclamation Development (02458) funds. Because of cash flow problems in the Renewable Resources Program, base expenditures are transferred to the Reclamation and Development Program.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$29,645 | \$29,645 |
| FY07 | \$29,565 | \$29,565 |

NP- 7000 - Clerical Assistance in Library Development -

This decision package will restore 1.00 FTE and approximately \$59,000 in general fund lost in the reduction of funds for the 2005 biennium. Funding will provide clerical assistance in the Library Development Department, which provides a variety of services to Montana libraries including, managing joint projects for services, interpreting federal and state regulations and laws and improving technology and other library services.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,136 | \$25,136 |
| FY07 | \$25,136 | \$25,136 |

NP- 7001 - Interlibrary Loan Reimbursement -

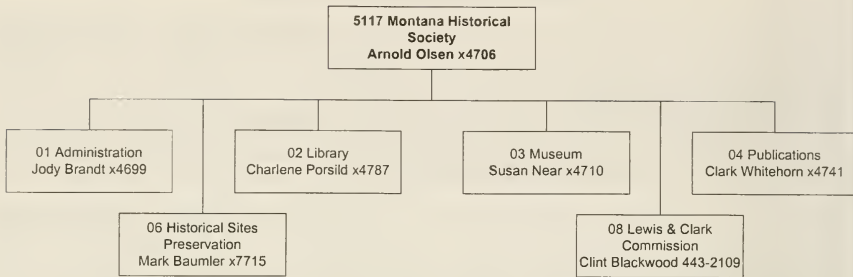
Restore partial funding of \$25,136 general fund per year to the Interlibrary Loan Reimbursements program. Montana has reimbursed loans among all Montana libraries since July 1, 1989. Payments dropped from \$9.59 in FY 2002 to \$5.60 in FY 2004. This funding is anticipated to provide payments at \$5.40 per loan while the cost to the library to loan materials will be about \$18.00.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$70,000 | \$70,000 |
| FY07 | \$0 | \$0 |

NP- 7002 - Computer Equipment Upgrade -Restricted/OTO-

This request is one-time-only, restricted and will be paid from one-time general fund revenues. During the 2003 legislative session, the Montana State Digital Library (MSdL) was formed by combining the Library and Information Services Division and the Natural Resource Information System. This transformation has now established highly functional and enhanced services and a truly digital presence for the MSdL. Additionally, there is a need to invest in information technology infrastructure to support the mission of the MSdL to keep it on par with changing technology. Three outstanding issues remain to be addressed: A higher capacity tape backup system costing approximately \$25,000; A backup generator costing approximately \$35,000 that would provide power for critical systems in the event of a power outage of long duration; Finally, additional hard-disk storage to accommodate anticipated growth in storage needs costing approximately \$10,000.

Historical Society-5117



Mission Statement - To acquire, conserve, and advocate the protection of, provide broad access to, and interpret Montana's varied historical resources, thus promoting--for its citizens and for all others--the use, understanding, appreciation, and enjoyment of those resources.

Statutory Authority - Title 22, Chapter 3, MCA.

Language -

The legislature added the following language that requests the Department of Commerce to use a portion of the accommodations tax funding for Historical Society projects, similar to language approved by the 2005 legislature.

"It is the intent of the legislature that the Department of Commerce use lodging facility use taxes to fund \$617,782 in fiscal year 2006 and \$617,782 in fiscal year 2007 for the Montana Historical Society. This would be expended as follows:

| | | |
|--|-----------|-----------|
| ▪ Historical Interpretation | \$197,631 | \$190,392 |
| ▪ Scriver Collection | 120,151 | 127,390 |
| ▪ Lewis and Clark Exhibit & Interpretation | 100,000 | 100,000 |
| ▪ Lewis and Clark Bicentennial Commission | 200,000 | 200,000 |

The first three uses of lodging taxes are budgeted in items 1 and 3. The \$200,000 each fiscal year of the biennium for the Lewis and Clark Bicentennial Commission is a language appropriation."

| Agency Proposed Budget | | | | | | | | |
|------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 57.68 | (0.84) | 0.75 | 57.59 | (0.84) | 0.75 | 57.59 | |
| Personal Services | 2,275,999 | 221,509 | 29,924 | 2,527,432 | 220,374 | 29,883 | 2,526,256 | |
| Operating Expenses | 1,254,988 | 114,536 | 35,600 | 1,405,124 | 85,315 | 35,600 | 1,375,903 | |
| Equipment | 9,910 | 65,668 | 0 | 75,578 | 10,892 | 0 | 20,802 | |
| Grants | 194,795 | 0 | 0 | 194,795 | 0 | 0 | 194,795 | |
| Transfers | 46,752 | 0 | 0 | 46,752 | 0 | 0 | 46,752 | |
| Total Costs | \$3,782,444 | \$401,713 | \$65,524 | \$4,249,681 | \$316,581 | \$65,483 | \$4,164,508 | |
| General Fund | 1,715,418 | 228,053 | 0 | 1,943,471 | 153,144 | 0 | 1,868,562 | |
| State/Other Special | 517,318 | 38,337 | 0 | 555,655 | 37,256 | 0 | 554,574 | |
| Federal Special | 720,896 | 70,645 | 0 | 791,541 | 69,893 | 0 | 790,789 | |
| Proprietary | 828,812 | 64,678 | 65,524 | 959,014 | 56,288 | 65,483 | 950,583 | |
| Total Funds | \$3,782,444 | \$401,713 | \$65,524 | \$4,249,681 | \$316,581 | \$65,483 | \$4,164,508 | |

Historical Society-5117

Administration Program-01

01 Administration
Jody Brandt x4699

Program Description - The Administration Program provides supervision, administration, and coordination of the five programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, historic research, and historic interpretation.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|-------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Visitors to the Society | 62,319 | 68,000 | 39,486 | 40,000 | 40,000 | 40,000 |
| Member Program * | 1,299 | 1,300 | 1,300 | 1,300 | 1,300 | 1,300 |

*In fiscal year 2002 the Society revamped and renamed its "Special Member" Program, to its "Member Program".

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 17.58 | 0.00 | 0.75 | 18.33 | 0.00 | 0.75 | 18.33 |
| Personal Services | 727,347 | 69,612 | 29,924 | 826,883 | 69,014 | 29,883 | 826,244 |
| Operating Expenses | 703,321 | 133,786 | 15,600 | 852,707 | 104,355 | 15,600 | 823,276 |
| Equipment | 0 | 65,074 | 0 | 65,074 | 10,000 | 0 | 10,000 |
| Total Costs | \$1,430,668 | \$268,472 | \$45,524 | \$1,744,664 | \$183,369 | \$45,483 | \$1,659,520 |
| General Fund | 864,130 | 160,116 | 0 | 1,024,246 | 84,689 | 0 | 948,819 |
| State/Other Special | 115,933 | 31,449 | 0 | 147,382 | 30,313 | 0 | 146,246 |
| Federal Special | 88,686 | 44,746 | 0 | 133,432 | 44,683 | 0 | 133,369 |
| Proprietary | 361,919 | 32,161 | 45,524 | 439,604 | 23,684 | 45,483 | 431,086 |
| Total Funds | \$1,430,668 | \$268,472 | \$45,524 | \$1,744,664 | \$183,369 | \$45,483 | \$1,659,520 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$55,074 | \$55,074 |
| FY07 | \$0 | \$0 |

PL - 1 - Security Equipment Replacement – Restricted/OTO-

The request is one-time-only, restricted and will be paid from one-time general fund revenues. The proposal is for replacement of security systems and equipment within the Historical Society's galleries and exhibits. Some of the components of the current system are out-dated and prone to failure. Replacement involves following the agency's replacement schedule to upgrade or replace items such as security cameras, security monitors, the multiplexer camera, the switcher camera, the time lapse VCR, the computer and printer attached to the security system and replacement and enhancement of outside lighting. This is a general fund request for \$55,074 in FY 2006 and would ensure the protection and security of valuable artwork, artifacts and archives at risk, including for example, a \$15-\$20 million dollar Russell collection.

Historical Society-5117 Administration Program-01

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$10,000 |
| FY07 | \$10,000 | \$10,000 |

PL- 7000 - Computer Server Replacement --Restricted/OTO-

The request is one-time-only, restricted and will be paid from one-time general fund revenues. Two servers for the Society would be purchased under this request for approximately \$20,000 over the biennium. The main Society server is no longer under warranty and the second server in the Historic Preservation program will be out of warranty during the 2007 biennium.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$27,219 | \$0 |
| FY07 | \$27,178 | \$0 |

NP- 4 - Entrance Fee Collection and Exhibits -

This decision package is to expend Museum entrance fees. The Museum began charging an entrance fee in February 2002 and raised fees slightly in May of 2004. The expenditure of \$54,397 over the biennium is for 0.75 FTE to provide fee collection for the museum and additional funding for the Museum program.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$18,305 | \$0 |
| FY07 | \$18,305 | \$0 |

NP- 10 - Registration Fees -

This decision package is to expend fees charged to participants for the Montana History Conference. The fee helps pay for a portion of the salaries and operating cost incurred by the Society to administer the conference.

Historical Society-5117

Library Program-02

02 Library
Charlene Porsild x4787

Program Description - The Library Program consists of the library, archives, and photo archives functions. This program acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs and related media, and oral history illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West. This program houses the official Archives of State Government and the Legislature. It assists researchers seeking historical information.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of published items and photographs acquired | 15,062 | 17,613 | 7,849 | 12,500 | 12,500 | 12,500 |
| Linear feet of manuscripts and state records acquired | 947 | 349 | 609 | 800 | 600 | 600 |
| Reference service | 10,853 | 10,850 | 13,332 | 14,000 | 14,750 | 15,500 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 14.25 | (0.16) | 0.00 | 14.09 | (0.16) | 0.00 | 14.09 |
| Personal Services | 568,431 | 45,175 | 0 | 613,606 | 44,924 | 0 | 613,355 |
| Operating Expenses | 101,901 | (588) | 10,000 | 111,313 | (583) | 10,000 | 111,318 |
| Equipment | 9,910 | 594 | 0 | 10,504 | 892 | 0 | 10,802 |
| Total Costs | \$680,242 | \$45,181 | \$10,000 | \$735,423 | \$45,233 | \$10,000 | \$735,475 |
| General Fund | 600,422 | 42,651 | 0 | 643,073 | 42,655 | 0 | 643,077 |
| State/Other Special | 24,066 | 1,314 | 0 | 25,380 | 1,370 | 0 | 25,436 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proprietary | 55,754 | 1,216 | 10,000 | 66,970 | 1,208 | 10,000 | 66,962 |
| Total Funds | \$680,242 | \$45,181 | \$10,000 | \$735,423 | \$45,233 | \$10,000 | \$735,475 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$6,587) | (\$6,587) |
| FY07 | (\$6,587) | (\$6,587) |

PL- 11 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.16 FTE and \$6,587 general fund per year are removed from the budget permanently.

Historical Society-5117

Library Program-02

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$0 |
| FY07 | \$10,000 | \$0 |

NP- 1 - Library Sales Increase -

Increased revenue in the Library Sales Enterprise fund will pay for operating costs such as microfilming, copy expenses and various other expenses that occur in meeting the public's request for state records.

Historical Society-5117 Museum Program-03

03 Museum
Sue Near x4710

Program Description - The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, tours and traveling exhibits. The program also houses the society's education office that orchestrates events, programs, and materials on Montana history for learners of all ages.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of exhibits* | 31 | 24 | 19 | 21 | 21 | 21 |
| Number of participants in Educational programs** | 54,501 | 59,374 | 35,720 | 47,000 | 38,000 | 48,000 |

* The number of permanent, rotating, offsite, and traveling exhibits owned by the society.

**This consists of school tours, capital tours, Original Governor's Mansion tours, lectures, seminars, workshops, and outreach resources.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 10.35 | (0.68) | 0.00 | 9.67 | (0.68) | 0.00 | 9.67 |
| Personal Services | 376,757 | 34,185 | 0 | 410,942 | 34,176 | 0 | 410,933 |
| Operating Expenses | 164,321 | (925) | 5,000 | 168,396 | (923) | 5,000 | 168,398 |
| Total Costs | \$541,078 | \$33,260 | \$5,000 | \$579,338 | \$33,253 | \$5,000 | \$579,331 |
| General Fund | 158,556 | 26,274 | 0 | 184,830 | 26,269 | 0 | 184,825 |
| State/Other Special | 377,319 | 5,574 | 0 | 382,893 | 5,573 | 0 | 382,892 |
| Proprietary | 5,203 | 1,412 | 5,000 | 11,615 | 1,411 | 5,000 | 11,614 |
| Total Funds | \$541,078 | \$33,260 | \$5,000 | \$579,338 | \$33,253 | \$5,000 | \$579,331 |

-----Present Law Adjustments-----

| | | |
|------|------------|------------|
| FY06 | (\$19,761) | (\$19,761) |
| FY07 | (\$19,761) | (\$19,761) |

PL- 10 - Statewide FTE reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. This 0.68 FTE and \$19,761 general fund per year are removed from the budget permanently.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,000 | \$0 |
| FY07 | \$5,000 | \$0 |

NP- 7 - Original Governor's Mansion Entrance Fees -

Entrance fees are estimated to increase by \$10,000 for the biennium for the Original Governor's Mansion. Funds will be utilized for minor restoration projects at the mansion.

Historical Society-5117

Publications Program-04

04 Publications
Clark Whitehorn x4741

Program Description - The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the award-winning Montana The Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint and operates the museum store.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Subscribers to magazine | 5,558 | 5,565 | 5,865 | 5,890 | 5,915 | 5,926 |
| Number of books published By the Society Press | 4 | 3 | 2 | 3 | 3 | 3 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 6.00 | 0.00 | 0.00 | 6.00 | 0.00 | 0.00 | 6.00 |
| Personal Services | 206,240 | 39,305 | 0 | 245,545 | 39,568 | 0 | 245,808 |
| Operating Expenses | 199,696 | (5,665) | 0 | 194,031 | (5,664) | 0 | 194,032 |
| Transfers | 46,752 | 0 | 0 | 46,752 | 0 | 0 | 46,752 |
| Total Costs | \$452,688 | \$33,640 | \$0 | \$486,328 | \$33,904 | \$0 | \$486,592 |
| General Fund | 46,752 | 3,751 | 0 | 50,503 | 3,919 | 0 | 50,671 |
| Proprietary | 405,936 | 29,889 | 0 | 435,825 | 29,985 | 0 | 435,921 |
| Total Funds | \$452,688 | \$33,640 | \$0 | \$486,328 | \$33,904 | \$0 | \$486,592 |

Historical Society-5117

Historic Preservation Program-06

06 Historic Sites Preservation Mark Baumler x7715

Program Description - The Historic Sites Preservation Program administers the Montana Antiquities Act and Montana's participation in federal Historic Preservation Act and the federal grants-in-aid for historic preservation. Staff provide technical assistance to all Montana property owners. Staff review all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing on the National Register of Historic Places. The office certifies historic structures and rehabilitation projects for federal tax credits to citizens and businesses authorized by the Tax Reform Act of 1976. The program awards federal grants to local governments, communities, and individuals for: 1) the Certified Local Government Program, 2) historic survey and planning for historic areas, and 3) bricks and mortar rehabilitation when funds are available.

Program Indicators -

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Construction projects developed with SHPO assistance | 2,212 | 2,200 | 2,958 | 3,000 | 3,100 | 3,200 |
| Newly listed properties on the National Register of Historic Places | 14 | 15 | 13** | 12 | 12 | 12 |

** FY2004 includes one community district with over 300 individual contributing buildings.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 9.50 | 0.00 | 0.00 | 9.50 | 0.00 | 0.00 | 9.50 |
| Personal Services | 397,224 | 33,232 | 0 | 430,456 | 32,692 | 0 | 429,916 |
| Operating Expenses | 85,749 | (12,072) | 5,000 | 78,677 | (11,870) | 5,000 | 78,879 |
| Grants | 194,795 | 0 | 0 | 194,795 | 0 | 0 | 194,795 |
| Total Costs | \$677,768 | \$21,160 | \$5,000 | \$703,928 | \$20,822 | \$5,000 | \$703,590 |
| General Fund | 45,558 | (4,739) | 0 | 40,819 | (4,388) | 0 | 41,170 |
| Federal Special | 632,210 | 25,899 | 0 | 658,109 | 25,210 | 0 | 657,420 |
| Proprietary | 0 | 0 | 5,000 | 5,000 | 0 | 5,000 | 5,000 |
| Total Funds | \$677,768 | \$21,160 | \$5,000 | \$703,928 | \$20,822 | \$5,000 | \$703,590 |

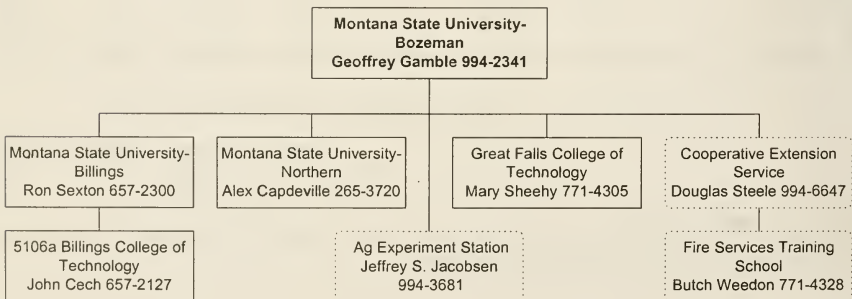
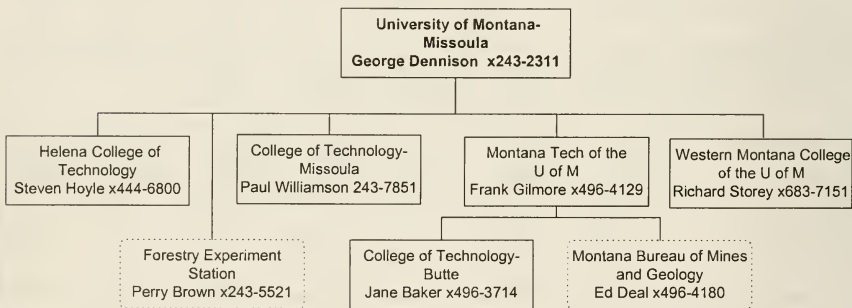
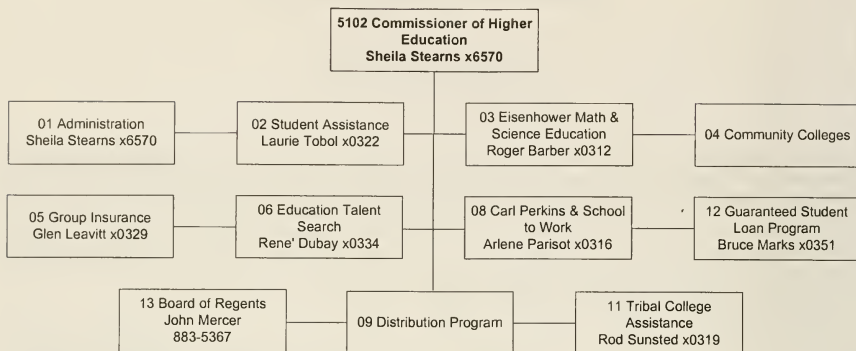
-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,000 | \$0 |
| FY07 | \$5,000 | \$0 |

NP- 11 - SHPO Photocopy Fees -

This decision package is for \$10,000 over the biennium to expend fees generated from photocopies at the State Historic Preservation Office (SHPO) of the Montana Historical Society.

Commissioner of Higher Education-5102



Commissioner of Higher Education-5102

Mission Statement - To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

Statutory Authority - Article X, Section 9, Montana Constitution and 2-15-1506, MCA

| Indicator | Actual FY2002 | Actual FY2003 | Actual FY2004 | Estimated FY2005 | Requested FY2006 | Requested FY2007 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Degree Productivity: | | | | | | |
| Associate | 834 | 952 | 976 | 980 | 980 | 980 |
| Bachelors | 4,700 | 4,649 | 4,700 | 4,700 | 4,700 | 4,700 |
| Masters | 959 | 949 | 955 | 960 | 965 | 965 |
| Doctorate | 73 | 75 | 73 | 75 | 75 | 75 |
| Montana AVG Resident Undergrad Tuition as a Percentage of WICHE State's AVG 4-year | 114% | 134% | 119% | 120% | 120% | 120% |
| Instruction as a Percent of Current Unrestricted Funding | 53% | 53.8% | 52% | 52% | 53% | 53% |
| Growth in 2-year education Total FTE | 5,538 | 5,791 | 6,264 | 6,303 | 6,497 | 6,726 |
| Research Expenditures (in millions) | \$114 | \$138 | \$150 | \$168 | \$189 | \$211 |
| Resident Enrollment | 27,719 | 28,424 | 29,314 | 28,929 | 29,449 | 29,958 |
| Credit by Exam (4-year campuses) # of Credits | 4,959 | 5,108 | 5,261 | 5,419 | 5,419 | 5,419 |

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 90.05 | 0.00 | 12.00 | 102.05 | 0.00 | 12.00 | 102.05 |
| Personal Services | 4,330,416 | (183,633) | 553,587 | 4,700,370 | (183,110) | 552,676 | 4,699,982 |
| Operating Expenses | 4,088,819 | 222,024 | 674,563 | 4,985,406 | 214,208 | 674,655 | 4,977,682 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Assistance | 6,395,234 | 989,185 | 0 | 7,384,419 | 1,355,290 | 0 | 7,750,524 |
| Grants | 10,748,488 | 2,239,721 | 0 | 12,988,209 | 2,244,211 | 0 | 12,992,699 |
| Benefits & Claims | 19,921,785 | 8,936,000 | 0 | 28,857,785 | 11,170,000 | 0 | 31,091,785 |
| Transfers | 141,415,047 | 4,274,677 | 4,613,066 | 150,302,790 | 4,004,886 | 4,650,462 | 150,070,395 |
| Total Costs | \$186,899,789 | \$16,477,974 | \$5,841,216 | \$209,218,979 | \$18,805,485 | \$5,877,793 | \$211,583,067 |
| General Fund | 140,778,703 | 4,515,044 | 4,933,066 | 150,226,813 | 4,428,299 | 4,970,462 | 150,177,464 |
| State/Other Special | 13,101,000 | 1,210,001 | 25,000 | 14,336,001 | 1,504,000 | 25,000 | 14,630,000 |
| Federal Special | 33,020,086 | 10,752,929 | 883,150 | 44,656,165 | 12,873,186 | 882,331 | 46,775,603 |
| Total Funds | \$186,899,789 | \$16,477,974 | \$5,841,216 | \$209,218,979 | \$18,805,485 | \$5,877,793 | \$211,583,067 |

Language -

The executive recommends language in HB 2, but it is not printed in this book for space considerations.

Commissioner of Higher Education-5102

Governor's Initiative

Equipment – 2-Year Programs – Restricted/OTO

Our two-year programs within the Montana University System and Community Colleges have a wide array of serious equipment deficiencies, particularly in industrial and trade programs. Montana industry needs students trained with the current equipment and technology employed in most private industry around the state. In areas ranging from welding/metal fabrication to automotive maintenance to HVAC installation/repair our institutions are teaching with outdated and marginally functioning equipment. In some cases our lack of relevant training equipment creates worker shortages in high demand, high wage occupations. In addition, we are also increasingly facing safety concerns in some of our programs using outdated equipment.

To be an effective economic development partner, our two-year programs must provide current and relevant training experiences. This requires familiarity with the equipment our students are expected to master when they take jobs here in Montana. A one-time appropriation of \$5.0 million to the Board of Regents to fund the purchase and update of equipment for our two-year programs within the Montana University System and Community Colleges will have a tremendous impact on the ability of higher education to serve Montana's students and businesses and our continuing efforts to improve economic development.

This appropriation must be matched dollar for dollar.

Shared Leadership for a Stronger Montana Economy

| Table E-3 Shared Leadership for a Stronger Montana Economy Proposals | | | | | | |
|---|-----|------------------------------|-----------------------------------|--|------------------|-----------|
| INVESTMENT AREA/PROPOSAL | OTO | Investment from the State | Investment from other Partners | Investment Students & Families through Tuition | Total Investment | |
| WORKFORCE DEVELOPMENT | | | | | | |
| Two-Year Education - Train Workers, Create Jobs, and Develop a Common Curriculum for High Demand Programs | Yes | \$ 1,200,000 | \$ 400,000 | \$ 1,200,000 | \$ | 2,800,000 |
| MT Tech Economic Development Resource Center | Yes | 100,000 | 200,000 | | \$ | 300,000 |
| Workforce System Data Collection and Management | Yes | 280,000 | | | | |
| Increasing Supply of Health Care Workers | Yes | 1,000,000 | 250,000 | | \$ | 1,250,000 |
| Subtotal | | \$ 2,580,000 | \$ 850,000 | \$ 1,200,000 | \$ | 4,630,000 |
| DISTANCE EDUCATION | | | | | | |
| | Yes | 1,000,000 | \$ 250,000 | | \$ | 1,250,000 |
| AGRICULTURE, NATURAL RESOURCE AND RURAL DEVELOPMENT | | | | | | |
| Extension Cropping Specialist | No | \$ 65,600 | \$ 16,400 | | \$ | 82,000 |
| Livestock Specialist | No | 131,200 | 32,800 | | | 164,000 |
| FSTS Plan-Add One Trainer | No | 153,035 | 38,259 | | | 191,294 |
| Integrated Weed Management and Biotechnology | No | 319,933 | 159,967 | | | 479,900 |
| Technical Assistance to Small Oil and Gas Operators | No | 146,880 | 36,720 | | | 183,600 |
| Coal and Coalbed-Methane Technology Program | No | 146,880 | 36,720 | | | 183,600 |
| Subtotal | | \$ 963,528 | \$ 320,866 | \$ - | \$ | 1,284,394 |
| OUTREACH/ INCREASE SERVICES | | | | | | |
| Business and Economic Development Outreach - OCHE | Yes | 360,000 | | | | 360,000 |
| Total | | \$ 4,903,528 | \$ 1,420,866 | \$ 1,200,000 | \$ | 7,524,394 |

Shared Leadership for a Stronger Montana Economy is a partnership between the Governor, state legislature, congressional delegation, educators, and the business community. The goal of the partnership is to identify concrete actions that the Montana University System can take, in partnership with other government entities and the private

Commissioner of Higher Education-5102

sector, to create a stronger economy and create more good paying jobs in the state. The effort has been underway in earnest since January 2004 and has developed three priority areas:

- Develop stronger business-university system partnerships for workforce training;
- Remove barriers to access for postsecondary education;
- Expand distance learning programs and opportunities.

An important objective of the "Shared Leadership" initiatives is to better coordinate statewide activities of the university system. Unless specifically directed otherwise, it is expected that funding for these initiatives will be used to support coordinated activities among multiple institutions in the higher education system. All funding is provided with an understanding that the university system will provide matching funds in the amount indicated in Table E-3. Each proposal listed below has a decision package listed in the appropriate program in the remainder of the Office of the Commissioner of Higher Education section.

Two-Year Education – Train Workers, Create Jobs, and Develop Common Curriculum for High Demand Occupations – Restricted/OTO (NP 60)

This funding will create a more responsive workforce training system which can better respond to the needs of Montana businesses that require skilled craft, technical, and professional workers. It is strongly expected that programs or initiatives receiving these funds will each involve multiple institutions across the state and will not be used to support a program at a single institution that does not address inter-regional or statewide worker training needs. Funding should be used to:

- Determine Montana business' highest demand occupations and future shortages.
- Support customized training for Montana businesses that provide good paying jobs.
- Provide incentives and programs for two-year colleges to create a common curriculum and delivery system for AAS degrees, as well as specialized endorsements, certificates, and one-year programs in high demand occupations.
- Expand Tech Prep, Med Prep, and Running Start programs in Montana high schools to encourage students to acquire proficiencies and credentials that apply to every career area.
- Provide evening, weekend, mobile, and on-line course delivery to improve access to proficiency training and credentialing for place-bound and/or geographically isolated Montana workers and workplaces.
- Create a cadre of master faculty in Montana's two-year colleges who will deliver proficiency training to workers and workplaces throughout the state.

Montana Tech Economic Development Resource Center – Restricted/OTO (NP 61)

This proposal provide \$100,000 in bridge funding to support of the Economic Development Resource Center on the campus of Montana Tech as they continue to build a self-sustained economic model.

- The program allows Montana Tech to assist in the economic development efforts currently being pursued by local and state agencies in southwest Montana.
- The Center continues to help in the recruitment of business to Southwest Montana by its proactive brokering of Montana Tech's physical and intellectual resources to new and expanding companies.

Workforce System Data Collection and Management – Restricted/OTO (NP 77)

Montana's workforce system is fragmented, with myriad programs spread throughout the university system, K-12 and more than 40 other programs around the state. It is vital that Montana design and implement a data management system that will give the state the ability to collect, evaluate and analyze data across multiple workforce development programs. Implementation of such a system will allow Montana to identify and track system-wide indicators of achievement and to effectively manage coordination and change. This establishment of an integrated data management system that will:

- Establish a repository of existing performance data to fulfill state reporting requirements, evaluate programs, facilitate research, and provide longitudinal capability.
- Establish an independent unit and advisory group charged with improving data accuracy.
- Provide a basis for common outcome measures, comparisons, and discussions of issues across all workforce programs and operations.

Increasing the Supply of Health Care Workers – Restricted/OTO (NP 63)

The ability of rural communities and health care facilities to attract and retain health care workers is declining and has threatened and will continue to threaten the viability of rural health care facilities. The loss of these important community

Commissioner of Higher Education-5102

organizations, which provide many of the best paying jobs in their counties, has a negative multiplier effect on the jobs, income, and survival of the communities in which they exist. The Governor's Health Care Task Force has identified shortages in the availability of trained health care workers, particularly east of the divide and most critically in rural areas.

- This will provide new funds, specifically directed toward the rural delivery of health care education, producing significant financial and cultural returns by enlarging the pipeline of workers for rural facilities.
- The MUS is in a position to assist communities in remaining viable by making education and training in the health professions more accessible to an existing pool of talented, but place-bound citizens in rural areas.

Distance Education – Restricted/OTO (NP 51)

The current method of providing distance and distributed courses and programs is decentralized. Disparities are confusing and costly for students, especially students who use the offerings of more than one campus. There is no common approach among distance education providers to address the crucial issues affecting affordability and quality—tuition, duplication, articulation, transfer, and best practices in teaching, assessment, and support services.

Funding will be provided to the university system to:

- Develop and implement a statewide distance learning plan, including cost analysis, organizational design, and programs, technology selection, faculty development and training, evaluation, and implementation.
- Build partnerships with the K-12 community and other education providers to identify and implement an appropriate statewide model for distance-delivered academic offerings.
- Convert and/or develop new courses for online delivery that support the related instruction requirements of apprenticeship programs, especially in nontraditional apprenticeship areas.
- Reduce duplication of costs through standardization and the development of scalable courses.
- Link accredited academic institutions and ensure seamlessly coordinated online services to students.

Extension Cropping Systems Specialist – Ongoing Expenditure (NP 8)

The Cropping Systems Specialist Position will integrate with existing Agricultural Experiment Station and College of Agriculture faculty, including cropping systems research/on-campus teaching, weed management, and many others.

- Montana cropping systems have shifted fundamentally to no-till systems presenting new pest and soil management issues.
- Montana producers have an opportunity to acquire increased market share with management-intensive organic production. This Extension position is critical to reducing costly mistakes based on inexperience for new crops such as canola, mustard, sunflower, peas, lentils and chickpeas.

Livestock Specialist – Ongoing Expenditure (NP 16)

A livestock specialist position will be filled and located at the Ag Research Center in Miles City.

- The U.S. beef industry is changing rapidly - driven by consumer concerns regarding food safety and dynamic global markets. Cattle and calves account for approximately one-half of Montana's agricultural income - approximately \$1 billion dollars.
- Increased educational assistance could significantly help to further improve this industry by enhancing reproductive efficiency, food safety and animal identification of non-productive animals.

Fire Services Plan Add One Trainer – Ongoing Expenditure (NP 66)

This initiative will add one trainer, strategically located within the state, to meet the growing demand for skilled responders to a variety of emergency incidents at a cost-effective level.

- Public demands have resulted in an increased need to provide faster, reliable response to incidents to mitigate loss of life, injury, and economic and social cost.
- Firefighters no longer respond to just fires; they are called to the rescue of people in road traffic accidents, chemical spills, biological, radiological or nuclear threats.

Integrated Weed Management and Biotechnology – Ongoing Expenditure (NP 67)

Fill two weed science positions, one in integrated weed management practices on rangeland and forestlands, and second on in biological control (disease and insect) for cropland and rangeland weeds. Also create a position in either animal or plant biotechnology to apply molecular genetic tools to improve the quality of animal and plant products.

- As part of the Montana Weed Management Plan, research is needed on integrated weed management practices and bio-control options on rangeland and croplands.
- Animal and plant biotechnology research will add value to livestock and plant systems, which will enhance the current \$2 billion, cash receipts from agriculture.

Commissioner of Higher Education-5102

Technical Assistance to Small Oil and Gas Operators – Ongoing Expenditure (NP 68)

Hire a petroleum geologist to maintain a small but steady program to compile and map regional data held in state records that will encourage exploration, and to offer other technical assistance to small operators. As the state's geological survey, Bureau of Mines (BoM) is capable of generating these maps. Current work by the BoM is limited to contract-funded projects, and is narrow in scope to comply with limitations by the funding source.

- Discovery of additional reserves and subsequent production will result in increased royalties and taxes collected. The state and the nation need increased production of oil and gas to meet current projected energy needs.

Coal and Coal bed-Methane Technology Program – Ongoing Expenditure (NP 69)

This initiative will assist industry and regulators in the responsible development of coal and coal bed methane. The Bureau of Mines (BoM) would hire a coal geologist to maintain the continuity of databases and information flow, and to act as liaison with industry, regulators, and other agencies to assist in the course of responsible development.

- Montana possesses 1/3 of the strippable coal reserves in the contiguous United States. Coal mining provides a substantial tax base to the state, which should increase in the future.
- Continuing BoM technical service and research is critical to enhance new mining and to achieve large-scale coal bed-methane development.

Business and Economic Development in the Office of the Commissioner – Restricted/OTO (NP 40)

The Board of Regents and the Montana University System are much more active in economic development, outreach and collaboration with government entities and educational organizations. The Office of Commissioner of Higher Education (OCHE) has had few options to take on these new initiatives and activities. Most employees have simply taken on the increased work and juggle priorities as best as they can. However, to fully recognize the potential of these activities and initiate other programs, additional staff will be required. Two positions are recommended including one high level position to establish partnerships with business, industry, government and MUS representatives. One position will be dedicated for administrative support.

Commissioner of Higher Ed-5102 Administration Program-01

01 Administration
 Sheila Stearns x6570

Program Description - The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his powers and duties.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 15.40 | 0.00 | 2.50 | 17.90 | 0.00 | 2.50 | 17.90 |
| Personal Services | 1,241,468 | (78,960) | 170,437 | 1,332,945 | (78,880) | 170,345 | 1,332,933 |
| Operating Expenses | 389,454 | 54,389 | 174,563 | 618,406 | 33,053 | 174,655 | 597,162 |
| Total Costs | \$1,630,922 | (\$24,571) | \$345,000 | \$1,951,351 | (\$45,827) | \$345,000 | \$1,930,095 |
| General Fund | 1,630,922 | (24,571) | 320,000 | 1,926,351 | (45,827) | 320,000 | 1,905,095 |
| State/Other Special | 0 | 0 | 25,000 | 25,000 | 0 | 25,000 | 25,000 |
| Total Funds | \$1,630,922 | (\$24,571) | \$345,000 | \$1,951,351 | (\$45,827) | \$345,000 | \$1,930,095 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$75,000 | \$75,000 |
| FY07 | \$75,000 | \$75,000 |

PL- 2 - Potential Rent Increase for CHE - Restricted -

The Office of the Commissioner of Higher Education (OCHE) has been informed by the Student Assistance Foundation (SAF) that they need the space that OCHE occupies at the Higher Education Complex. SAF owns the building located on Broadway Street. It is likely that by the 2007 biennium, OCHE will be forced to move into higher priced quarters. OCHE currently pays in the neighborhood of \$7 per square foot while the current market price is more in the neighborhood of \$14 a square foot.

This \$75,000 general fund appropriation is restricted to new office space.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$51,521 | \$51,521 |
| FY07 | \$51,396 | \$51,396 |

PL- 3 - Data Warehouse - CHE -

The Montana University System Data Warehouse is configured so that each of the Universities has a warehouse that is fed into the OCHE warehouse. The hardware and software for the MUS warehouse has been paid for out of student computer fee money. The Data Base Administrator is paid out of the Office of the Commissioner. OCHE does not have a stable source of revenue to fund this position. This position will help support the Shared Leadership Workforce System Data Collection and Management Initiative.

**Commissioner of Higher Ed-5102
Administration Program-01**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$22,548) | (\$22,548) |
| FY07 | (\$22,526) | (\$22,526) |

PL- 29 - Statewide FTE Reduction -

This decision package implements an FTE reduction equivalent to the reductions taken in the 2003 legislative session. 0.50 FTE and about \$22,500 general fund per year are removed from the budget permanently.

-----**New Proposals**-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$25,000 | \$0 |
| FY07 | \$25,000 | \$0 |

NP- 1 - Family Education Savings Staff -

Allows the OCHE to hire a part-time employee and contract for an audit for the Family Education Savings Program. The Legislature authorized the Family Education Savings and the Board of Regents has operated it for 5 years.

Funding is state special revenue and comes from a portion of the application fees.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$180,000 | \$180,000 |
| FY07 | \$180,000 | \$180,000 |

NP- 40 – Shared Leadership - Business and Economic Development Outreach – Restricted/OTO -

Fund two FTEs to help the Board of Regents meet its mission of actively participating in the development of a strong Montana economy and other policy initiatives that require reallocation of staff. The positions requested would initiate, coordinate, or assist with state-level policy development and communications activities, as well as relieve some of the workload increase experienced by the Commissioner and her senior staff.

The request is one-time-only, restricted, and will be paid from one-time general fund revenues.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$140,000 | \$140,000 |
| FY07 | \$140,000 | \$140,000 |

NP- 77 – Shared Leadership - Workforce System Data Collection and Management – Restricted/OTO -

This funding will support the establishment of an integrated data management system. It is vital that Montana design and implement a data management system that will give the state the ability to collect, evaluate and analyze data across multiple workforce development programs.

The request is one-time-only, restricted, and will be paid from one-time general fund revenues.

Commissioner of Higher Ed-5102

Student Assistance Program-02

02 Student Assistance
Laurie Tobol x0322

Program Description - This program includes all student grant funding. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry and veterinary medicine. Title 20, Chapters 25 and 26, MCA, govern the program.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Local Assistance | 103,000 | 5,000 | 0 | 108,000 | 9,000 | 0 | 112,000 |
| Grants | 8,537,206 | 397,555 | 0 | 8,934,761 | 622,787 | 0 | 9,159,933 |
| Total Costs | \$8,640,206 | \$402,555 | \$0 | \$9,042,761 | \$631,787 | \$0 | \$9,271,993 |
| General Fund | 8,451,220 | 365,768 | 0 | 8,816,988 | 595,000 | 0 | 9,046,220 |
| Federal Special | 188,986 | 36,787 | 0 | 225,773 | 36,787 | 0 | 225,773 |
| Total Funds | \$8,640,206 | \$402,555 | \$0 | \$9,042,761 | \$631,787 | \$0 | \$9,271,993 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$365,768 | \$365,768 |
| FY07 | \$595,000 | \$595,000 |

PL - 4 - WWAMI/WICHE/MN Dental -

Adjustments for the professional programs of WICHE/WWAMI/Minnesota Dental (MN) carry forward the authorized slots from the last legislative session with the projected increases in support costs.

The Western Interstate Commission for Higher Education (WICHE) Professional Student Exchange Program enables students in 13 western states to enroll in selected out-of-state professional programs usually because those fields of study are not available at public institutions in their home states.

WWAMI is a cooperative program of the University of Washington School of Medicine and the states of Wyoming, Alaska, Montana and Idaho.

| Program | FY 2004 Actual | FY 2006 Request | FY 2006 PL Adjustment | FY 2007 Request | FY 2007 PL Adjustment |
|-----------------|------------------|------------------|-----------------------|------------------|-----------------------|
| WICHE Dues | 103,000 | 108,000 | 5,000 | 112,000 | 9,000 |
| WICHE | 1,619,800 | 1,777,634 | 157,834 | 1,865,966 | 246,166 |
| Subtotal | 1,722,800 | 1,885,634 | 162,834 | 1,977,966 | 255,166 |
| WWAMI | 2,791,866 | 2,970,800 | 178,934 | 3,104,500 | 312,634 |
| MN Dentistry | 132,000 | 156,000 | 24,000 | 159,200 | 27,200 |
| TOTAL | 4,646,666 | 5,012,434 | 365,768 | 5,241,666 | 595,000 |

Commissioner of Higher Ed-5102

Student Assistance Program-02

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$36,787 | \$0 |
| FY07 | \$36,787 | \$0 |

PL- 21 - Additional Federal Funds for Student Assistance -

This request adds \$73,574 federal financial aid for the Special Leveraging Educational Assistance Partnership (SLEAP) in the 2007 biennium. This request will allow the Office of the Commissioner of Higher Education to fully expend the anticipated amount of this grant. The SLEAP Program assists states in providing grants, scholarships, and community service work-study assistance to eligible postsecondary education students who demonstrate financial need.

Commissioner of Higher Ed-5102
D. Eisenhower Mathematics & Science Education-03

| |
|--|
| 03 Eisenhower Math & Science Education Roger Barber x0312 |
|--|

Program Description - This program is a federal grant program aimed at upgrading teaching skills of teachers in math and science.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Personal Services | 17,462 | (17,462) | 0 | 0 | (17,462) | 0 | 0 |
| Operating Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 277,667 | 85,279 | 0 | 362,946 | 85,279 | 0 | 362,946 |
| Total Costs | \$295,129 | \$67,817 | \$0 | \$362,946 | \$67,817 | \$0 | \$362,946 |
| Federal Special | 295,129 | 67,817 | 0 | 362,946 | 67,817 | 0 | 362,946 |
| Total Funds | \$295,129 | \$67,817 | \$0 | \$362,946 | \$67,817 | \$0 | \$362,946 |

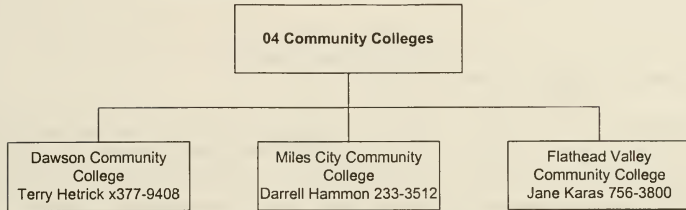
-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$85,279 | \$0 |
| FY07 | \$85,279 | \$0 |

PL- 22 - Increase Improving Teacher Quality Grants -

This request adds \$170,558 federal authority in the 2007 biennium for increased federal funds anticipated for grants for programs to improve teacher quality. Under Title II, Part A, Improving Teacher Quality State Grants, the OCHE provides competitive grants to partnerships comprised of schools of education and arts and sciences, along with one or more high-need school districts.

Commissioner of Higher Ed-5102 Community College Assistance-04



Program Description - This program distributes funds appropriated by the Legislature in support of the three community colleges: Miles Community College, Dawson Community College and Flathead Valley Community College. Each community college district has an elected board of trustees. The regents have statutory authority to control the community colleges in Title 20, Chapter 15, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Local Assistance | 6,292,234 | 984,185 | 0 | 7,276,419 | 1,346,290 | 0 | 7,638,524 |
| Total Costs | \$6,292,234 | \$984,185 | \$0 | \$7,276,419 | \$1,346,290 | \$0 | \$7,638,524 |
| General Fund | 6,292,234 | 984,185 | 0 | 7,276,419 | 1,346,290 | 0 | 7,638,524 |
| Total Funds | \$6,292,234 | \$984,185 | \$0 | \$7,276,419 | \$1,346,290 | \$0 | \$7,638,524 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$984,185 | \$984,185 |
| FY07 | \$1,346,290 | \$1,346,290 |

PL- 5 - Resident Enrollment Growth - Community Colleges -

This decision package updates resident enrollment projections for the 2007 biennium. Enrollments are projected to grow from 2,485 resident students in the FY 2004 base to 2,631 students in FY 2006 to 2,770 students in FY 2007.

The budgeted cost of \$5,706 per resident FTE was rebased to \$5,042 because of reductions made during the last legislative session. This amount was augmented by \$161 for the cost of the previous pay plan. The state funds 53 percent of this cost.

| Projected Resident FTE | | | |
|------------------------|--------------------|------------------|--------------------|
| | FY 2004 Actual | FY 2006 | FY 2007 |
| Dawson C.C. | 392 | 515 | 545 |
| Flathead C.C. | 1,604 | 1,550 | 1,625 |
| Miles C.C. | 489 | 566 | 600 |
| Total | 2,485 | 2,631 | 2,770 |
| Present Law Adjustment | | | |
| Dawson C.C. | \$1,136,572 | \$290,212 | \$366,315 |
| Flathead C.C. | \$3,756,091 | \$526,124 | \$724,993 |
| Miles C.C. | \$1,399,571 | \$167,850 | \$254,983 |
| TOTAL | \$6,292,234 | \$984,185 | \$1,346,290 |

Commissioner of Higher Education-5102 Workforce Development Program - 08

06 Education Talent Search Rene' Dubay x0334

Program Description - This program is primarily a federally-funded program to decrease the dropout rate of disadvantaged students in high schools and increase their enrollment in post-secondary education.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 20.45 | 0.00 | 0.50 | 20.95 | 0.00 | 0.50 | 20.95 |
| Personal Services | 889,445 | (34,199) | 28,800 | 884,046 | (34,204) | 28,813 | 884,054 |
| Operating Expenses | 413,419 | 105,456 | 0 | 518,875 | 106,308 | 0 | 519,727 |
| Grants | (326,090) | 1,580,766 | 0 | 1,254,676 | 1,580,663 | 0 | 1,254,573 |
| Transfers | 547,201 | 0 | 0 | 547,201 | 0 | 0 | 547,201 |
| Total Costs | \$1,523,975 | \$1,652,023 | \$28,800 | \$3,204,798 | \$1,652,767 | \$28,813 | \$3,205,555 |
| General Fund | 81,595 | 18,166 | 0 | 99,761 | 18,936 | 0 | 100,531 |
| Federal Special | 1,442,380 | 1,633,857 | 28,800 | 3,105,037 | 1,633,831 | 28,813 | 3,105,024 |
| Total Funds | \$1,523,975 | \$1,652,023 | \$28,800 | \$3,204,798 | \$1,652,767 | \$28,813 | \$3,205,555 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$93,340 | \$0 |
| FY07 | \$87,791 | \$0 |

PL- 23 - Increase Federal Talent Search Grant Funds -

This request adds \$181,131 federal authority in the 2007 biennium to allow the Office of the Commissioner of Higher Education to expend the anticipated amount of this grant each year of the 2007 biennium. Talent Search is one of the TRIO programs (Talent Search, Upward Bound, Student Support Services) created in 1965 to provide equal opportunity for higher education to all Americans.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$1,580,766 | \$0 |
| FY07 | \$1,580,663 | \$0 |

PL- 24 - Increase Federal GEAR-UP Grant Funds -

This request adds \$3,161,429 federal authority in the 2007 biennium to allow the Office of the Commissioner of Higher Education to expend the anticipated amount of this grant each year of the 2007 biennium.

GEAR UP (Gaining Early Awareness & Readiness for Undergraduate Programs) is a five-year federal grant awarded to the OCHE for the State of Montana. The goal of this federal initiative is to encourage and support youngsters from low-income backgrounds to set high academic expectations, stay in school, study hard, and take courses to prepare them for college level studies.

Commissioner of Higher Education-5102
Workforce Development Program - 08

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$28,800 | \$0 |
| FY07 | \$28,813 | \$0 |

NP- 20 - Add 0.50 FTE Accountant for GEAR-UP Grant -

This proposal adds a 0.50 FTE accountant funded from the federal GEAR-UP to assist the program with financial management. This 0.50 FTE position, which is currently filled with a modified FTE, is the second half of a 1.00 FTE position that has been funded from two federal grants (Carl Perkins and GEAR-UP) for at least three years.

Commissioner of Higher Education-5102

Workforce Development Program - 08

**08 Carl Perkins &
School to Work**
Arlene Parisot x0316

Program Description - The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and post-secondary levels.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 243,674 | 25,000 | 0 | 268,674 | 24,457 | 0 | 268,131 |
| Operating Expenses | 101,552 | 537 | 0 | 102,089 | 2,913 | 0 | 104,465 |
| Grants | 2,259,705 | 79,621 | 0 | 2,339,326 | (44,518) | 0 | 2,215,187 |
| Transfers | 3,540,126 | 0 | 0 | 3,540,126 | 0 | 0 | 3,540,126 |
| Total Costs | \$6,145,057 | \$105,158 | \$0 | \$6,250,215 | (\$17,148) | \$0 | \$6,127,909 |
| General Fund | 90,094 | 320 | 0 | 90,414 | 3,014 | 0 | 93,108 |
| Federal Special | 6,054,963 | 104,838 | 0 | 6,159,801 | (20,162) | 0 | 6,034,801 |
| Total Funds | \$6,145,057 | \$105,158 | \$0 | \$6,250,215 | (\$17,148) | \$0 | \$6,127,909 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$79,621 | \$0 |
| FY07 | (\$44,518) | \$0 |

PL- 25 - Increase Federal Carl Perkins Grant Funds -

This request adds \$35,103 federal authority in the 2007 biennium to allow the Office of the Commissioner of Higher Education to fully expend the anticipated amount of this federal grant each year of the 2007 biennium. Carl Perkins funds are aimed at two-year education. The increase is reduced in the second year because OCHE is expecting to fully expend \$125 thousand of Perkins Incentive money.

Commissioner of Higher Education-5102 Appropriation Distribution-09

09 Distribution

Program Description -

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to: 1) the university system units and colleges of technology and other campus related appropriations, and 2) the research/public service agencies.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 43,983 | 0 | 0 | 43,983 | 0 | 0 | 43,983 |
| Transfers | 137,255,170 | 4,274,677 | 4,613,066 | 146,142,913 | 4,004,886 | 4,650,462 | 145,910,518 |
| Total Costs | \$137,299,153 | \$4,274,677 | \$4,613,066 | \$146,186,896 | \$4,004,886 | \$4,650,462 | \$145,954,501 |
| General Fund | 124,198,153 | 3,064,676 | 4,613,066 | 131,875,895 | 2,500,886 | 4,650,462 | 131,349,501 |
| State/Other Special | 13,101,000 | 1,210,001 | 0 | 14,311,001 | 1,504,000 | 0 | 14,605,000 |
| Total Funds | \$137,299,153 | \$4,274,677 | \$4,613,066 | \$146,186,896 | \$4,004,886 | \$4,650,462 | \$145,954,501 |

Educational Units – (HB 2 Only)

| Proposed Budget | Base Budget FY 2004 | PL Base Adjustments Fiscal 2006 | New Proposals Fiscal 2006 | Total Ex. Budget FY 2006 | PL Base Adjustments Fiscal 2007 | New Proposals Fiscal 2007 | Total Ex. Budget FY 2007 |
|--|---------------------|---------------------------------|---------------------------|--------------------------|---------------------------------|---------------------------|--------------------------|
| UM-Missoula | 37,818,253 | | | 37,818,253 | | | 37,818,253 |
| UM-Tech | 8,967,311 | | | 8,967,311 | | | 8,967,311 |
| UM-Western | 4,136,087 | | | 4,136,087 | | | 4,136,087 |
| UM-Helena COT | 2,263,794 | | | 2,263,794 | | | 2,263,794 |
| MSU-Bozeman | 40,399,419 | | | 40,399,419 | | | 40,399,419 |
| MSU Billings | 14,306,972 | | | 14,306,972 | | | 14,306,972 |
| MSU-Northern | 6,763,838 | | | 6,763,838 | | | 6,763,838 |
| MSU-Great Falls | 3,633,184 | | | 3,633,184 | | | 3,633,184 |
| Other | 43,983 | | | 43,983 | | | 43,983 |
| Family Practice Residency Program - Boz | 319,366 | | | 319,366 | | | 319,366 |
| Motorcycle Safety Education - Northern | 200,000 | 60,000 | | 260,000 | 60,000 | | 260,000 |
| Statewide Present Law Adjustment | | 5,691,703 | | 5,691,703 | 4,687,092 | | 4,687,092 |
| Resident Enrollment Growth | | 98,176 | | 98,176 | 607,936 | | 607,936 |
| Equalization of Base Expenditures | | (2,750,000) | | (2,750,000) | (2,750,000) | | (2,750,000) |
| Other Educational Unit PLAs | | 462,446 | | 462,446 | 662,916 | | 662,916 |
| Two Year Education - Equipment - OTO | | | 2,500,000 | 2,500,000 | | 2,500,000 | 2,500,000 |
| Board of Regents/ Shared Leadership Initiatives | | | | - | | | - |
| Two Year Education - Programs - OTO | | | 600,000 | 600,000 | | 600,000 | 600,000 |
| Distance Education - OTO | | | 500,000 | 500,000 | | 500,000 | 500,000 |
| Increasing Health Care Workers - OTO | | | 500,000 | 500,000 | | 500,000 | 500,000 |
| MT Tech Economic Development Resource Center - OTO | | | 50,000 | 50,000 | | 50,000 | 50,000 |
| Total | 118,852,207 | 3,562,325 | 4,150,000 | 126,564,532 | 3,267,944 | 4,150,000 | 126,270,151 |
| General Fund | 106,417,207 | 2,352,325 | 4,150,000 | 112,919,532 | 1,763,944 | 4,150,000 | 112,331,151 |
| Statewide Six Mill Levy | 12,235,000 | 1,150,000 | | 13,385,000 | 1,444,000 | | 13,679,000 |
| Other Special Revenue | 200,000 | 60,000 | | 260,000 | 60,000 | | 260,000 |
| State Funds | 118,852,207 | 3,562,325 | 4,150,000 | 126,564,532 | 3,267,945 | 4,150,000 | 126,270,151 |

The table above only reflects "state funds" that flow through the OCHE to the campuses.

Commissioner of Higher Education-5102

Appropriation Distribution-09

Over the past three years school years, budget reductions due to revenue below needed levels have caused tuition increases higher desired. The system-wide average annual tuition rate for the 2005 biennium was approximately 11 percent.

Steps have been taken in this budget to minimize additional tuition increases. In previous biennia, "present law" calculations were based upon the state support versus tuition and other current sources of revenue for each educational unit. This percentage is approximately 43 percent in total in the base year. The executive is recommending funding at the percent of resident students versus nonresident students. In other words the resident student share of present law increases is recommended to be fully funded with state funds. Therefore, for the 2007 biennium, the executive has used the percent of resident students versus non-residents for standard present law adjustments. This percentage, in total, is approximately 80 percent of the cost of the decision package. Decision packages PL 40, PL 42, PL 43, PL 45 & PL 49 are all funded based upon this methodology.

As demonstrated in the table below, if the Board of Regents (BOR) adopts the present law budget contained in the executive recommendation along with the Governor's 3 percent proposed pay increase, the required tuition increase should be 2 percent. This 2 percent tuition increase is consistent with inflation and should not cause further burdens on resident students.

Tuition is a component in funding university budgets, however the Governor and the Legislature can only recommend tuition levels. Tuition rates are determined by the BOR and are considered private revenue and not subject to legislative appropriation.

Table E-4
Funding Sources of the Educational Units

| | Board of Regents - Enacted | | OBPP Estimate | |
|--------------------------------------|----------------------------|--------------------|--------------------|--------------------|
| | FY 2004 Actual | FY 2005 Budget | FY 2006 Budget | FY 2007 Budget |
| General Fund | 106,288,857 | 101,381,233 | 108,450,161 | 107,861,785 |
| Gen. Fund in Governor's HB13 Payplan | | | 2,355,000 | 5,355,000 |
| Millage - University Six mill levy | 12,235,000 | 12,362,999 | 13,385,000 | 13,679,000 |
| Tuition and Fees | 154,598,464 | 172,721,055 | 176,400,000 | 181,600,000 |
| Interest Earnings | 689,643 | 791,274 | 791,274 | 791,274 |
| Transfers | 3,803,991 | 4,263,093 | 4,263,093 | 4,263,093 |
| Other | 1,248,483 | 1,301,198 | 1,301,198 | 1,301,198 |
| Total | 278,864,438 | 292,820,852 | 306,945,726 | 314,851,350 |

-----Present Law Adjustments-----

6-Mill Account – The six-mill levy account is expected to grow from \$24.6 million for the 2005 biennium to \$27.1 million for the 2007 biennium. The executive has funded the adjusted base with this increase to the six-mill account and decreased the general fund in the base by a like amount. No decision package is needed in the budgeting system.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$5,691,703 | \$5,691,703 |
| FY07 | \$4,687,092 | \$4,687,092 |

PL- 40 - Statewide - Educational Units -

In previous biennia this calculation was based upon the state support versus tuition and other current sources of revenue for each educational unit. This percentage is approximately 43 percent in total. In order to minimize resident student tuition increases the executive is recommending funding at the percent of resident students versus nonresidents. For the 2007 biennium, the executive has used the percent of resident students versus non-residents for standard present law adjustments. This percentage in total is approximately 80 percent. This results in approximately \$4.2 million increase in the state share calculation.

Commissioner of Higher Education-5102

Appropriation Distribution-09

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | (\$2,750,000) | (\$2,750,000) |
| FY07 | (\$2,750,000) | (\$2,750,000) |

PL- 41 - Base Year Equalization Adjustment - SB 407 -

This request reduces the general fund by \$2,750,000 per year to the educational units to equalize state support in the base year.

HB 2 from the 2003 Legislative session provided \$5.5 million biennial appropriation to the Educational Units contingent on SB 407 (Income tax reduction with revenue from limited sales tax) passing. The educational units fully expended this appropriation in the first year of the biennium. The MUS has relied on more tuition dollars and less state support in the second year of the biennium, FY 2005.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$86,097 | \$86,097 |
| FY07 | \$115,641 | \$115,641 |

PL- 42 - Increase in Operations and Maintenance for New Space -

This adjustment adds about \$202,000 general fund in the 2007 biennium for the state portion of increased operations and maintenance costs due to new building space coming on line in the 2007 biennium at MSU-Northern and UM-Missoula.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$108,977 | \$108,977 |
| FY07 | \$189,235 | \$189,235 |

PL- 43 - Increased Information Technology License and Maintenance -

This adjustment adds approximately \$298,000 general fund for the state's share of increased information technology licenses and maintenance costs at MSU-Bozeman, UM-Missoula, MSU- Billings, Montana Tech, UM-Western, and the Helena College of Technology.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$98,176 | \$98,176 |
| FY07 | \$607,936 | \$607,936 |

PL- 44 - Resident Enrollment Growth --MUS -

This \$706,112 general fund adjustment increases funds for resident growth by about 375 students over the next biennium. This is significantly less student growth than what has occurred in previous biennia. The executive is funding these students at the marginal cost calculation of \$1,888 per student, which was the marginal cost calculated from the 2005 biennium. Calculating a new marginal cost for the 2007 biennium would result in lower marginal cost due to significant tuition increases enacted during the current biennium. The executive does not recommend decreasing the state funding for resident students, so it is recommending continuation of the 2005 biennium marginal cost funding.

| | FY 2004 Budgeted | FY 2006 Projected | FY 2007 Projected | Growth | |
|-------------------------------------|---------------------|----------------------|----------------------|-------------------|-------------------|
| | | | | FY 2004 - FY 2006 | FY 2004 - FY 2007 |
| Resident FTE | 26,866 | 26,918 | 27,188 | 52 | 322 |
| State funding for enrollment growth | | | | \$98,176 | \$607,936 |

Commissioner of Higher Education-5102

Appropriation Distribution-09

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$198,917 | \$198,917 |
| FY07 | \$263,854 | \$263,854 |

PL- 45 - Water, Sewer, Elevator and Other -

This \$462,771 general fund increase is for the state share for water, sewer and other items reported by the educational units.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$68,455 | \$68,455 |
| FY07 | \$94,186 | \$94,186 |

PL- 49 - Off Campus Rental Increases - Educational Units -

This adjustment adds about \$163,000 general fund for the state's portion of increased off campus rental costs at MSU-Bozeman and the Helena College of Technology.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$60,000 | \$0 |
| FY07 | \$60,000 | \$0 |

PL- 98 - Motorcycle Safety Training Adjust to Revenue Estimate -

The motorcycle safety-training fund receives revenue from motorcycle endorsements on driver's licenses and motorcycle plates. The fund is projected to have more revenue over the 2007 biennium. This adjustment will bring the appropriation up to the base year revenue. The fund received \$261,385 in revenue in the base year. This funding is dedicated to the motorcycle program located at Montana State University Northern.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$500,000 | \$500,000 |
| FY07 | \$500,000 | \$500,000 |

NP- 51 – Shared Leadership - Distant Learning Initiative – Restricted/OTO -

Funding will be used to develop and implement a statewide distance learning plan, including cost analysis, organizational design, and programs, technology selection, faculty development and training, evaluation, and implementation. This proposal is matched with \$250,000 from funds identified by the Board of Regents (BoR).

The request is one-time-only, restricted and biennial and will be paid from one-time general fund revenues.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$600,000 | \$600,000 |
| FY07 | \$600,000 | \$600,000 |

NP- 60 – Shared Leadership - 2-Year Education-Develop Common Curriculum - Restricted/OTO

The request is one-time-only, restricted and biennial and will be paid from one-time general fund revenues. This proposal is matched with \$400,000 from funds identified by the Board of Regents (BoR).

Commissioner of Higher Education-5102 **Appropriation Distribution-09**

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$50,000 | \$50,000 |
| FY07 | \$50,000 | \$50,000 |

NP- 61 – Shared Leadership - Montana Tech Economic Development Resource Center – Restricted/OTO -

This proposal provides a \$100,000 general fund investment in the 2007 biennium for "bridge funding" for the Economic Development Resource Center on the Montana Tech campus. A \$200,000 investment from other funds is expected to replace state funding in the 2009 biennium.

The request is one-time-only, restricted and biennial and will be paid from one-time general fund revenues.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$500,000 | \$500,000 |
| FY07 | \$500,000 | \$500,000 |

NP- 63 – Shared Leadership - Increase Supply of Health Care Workers – Restricted/OTO -

This proposal will provide a biennial investment of \$1 million general fund for the purpose of increasing the supply of rural health care workers by delivering health care education to place-bound citizens in rural areas. This proposal is matched with \$250,000 from funds identified by the Board of Regents.

The request is one-time-only, restricted and biennial and will be paid from one-time general fund revenues.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$2,500,000 | \$2,500,000 |
| FY07 | \$2,500,000 | \$2,500,000 |

NP- 78 - Equipment – 2-Year Programs – Restricted/OTO -

An appropriation to the Board of Regents to fund the purchase of updated equipment for two-year programs within the Montana University System including the Community Colleges. The appropriation must be matched dollar for dollar from other sources of funding to be identified by the Board of Regents.

The request is one-time-only, restricted and biennial and will be paid from one-time general fund revenues.

Commissioner of Higher Education-5102

Appropriation Distribution-09

Agricultural Experiment Station

**Agricultural
Experiment Station**
 Jeffrey S. Jacobsen x994-3681

| Agency Proposed Budget | Base Budget Fiscal 2004 | PL Base Adj. Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2007 | PL Base Adj. Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|--|-------------------------------|--------------------------------|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| Budget Item | | | | | | | |
| FTE | 212.96 | 0.00 | 3.00 | 215.96 | 0.00 | 3.00 | 215.96 |
| Personal Services | 11,316,707 | 209,672 | 239,949 | 11,766,328 | 222,294 | 239,949 | 11,778,950 |
| Operating Costs | 1,803,042 | 104,548 | | 1,907,590 | 92,416 | | 1,895,458 |
| Equipment | 91,828 | | | 91,828 | | | 91,828 |
| Transfers | 65,160 | | | 65,160 | | | 65,160 |
| Total Funds | 13,276,737 | 314,220 | 239,949 | 13,830,906 | 314,710 | 239,949 | 13,831,396 |
| State Funds | | | | | | | |
| General Fund | 10,279,958 | 231,207 | 159,967 | 10,671,132 | 241,163 | 159,967 | 10,681,088 |
| Subtotal State Funds | 10,279,958 | 231,207 | 159,967 | 10,671,132 | 241,163 | 159,967 | 10,681,088 |
| University Funds | | | | | | | |
| Federal Funds | 1,741,291 | 83,013 | | 1,824,304 | 76,157 | | 1,817,448 |
| Sales & Service | 1,195,180 | | | 1,195,180 | | | 1,195,180 |
| Interest and Other | 60,308 | | | 60,308 | | | 60,308 |
| Private Funds | | | 79,984 | 79,984 | | 79,984 | 79,984 |
| Subtotal University Funds | 2,996,779 | 83,013 | 79,984 | 3,159,776 | 76,157 | 79,984 | 3,152,920 |
| Total Current Unrestricted Operating Fund | 13,276,737 | 314,220 | 239,950 | 13,830,907 | 317,320 | 239,950 | 13,834,007 |

Note: AES received of \$10,279,958 in state support, \$2,016,520 in federal, \$1,195,180 in sales, \$45,021 in interest & \$15,287 of other in FY 2004. Excess revenues over expenditures were \$275,791 in FY 2004.

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$192,788 | \$192,788 |
| FY07 | \$183,933 | \$183,933 |

PL- 62 - Statewide -Agricultural Experiment Station -

This \$376,721 adjustment is the state share of statewide present law adjustments for the Agricultural Experiment Station (AES) for the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | 38,419 | 38,419 |
| FY07 | 57,230 | 57,230 |

PL- 66 - Increased Overhead Costs for Campus Support -

This adjustment adds \$95,649 general fund in the 2007 biennium for the state portion of increased overhead costs allocated from Montana State University Bozeman to the AES.

Commissioner of Higher Education-5102

Appropriation Distribution-09

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$159,966 | \$159,966 |
| FY07 | \$159,967 | \$159,967 |

NP- 67 - Integrated Weed Management and Biotechnology -

This proposal provides \$319,933 state general fund, matched \$159,967 from other funds identified by the Board of Regents, to increase research on integrated weed management practices and biological control of weeds.

Montana Extension Service

Montana Extension Service
Douglas Steele 994-6647

| Agency Proposed Budget | Base Budget Fiscal 2004 | PL Base Adj. Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adj. Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
|--|-------------------------------|--------------------------------|---------------------------------|--------------------------------------|--------------------------------|---------------------------------|--------------------------------------|
| FTE | 118.98 | 0.00 | 1.00 | 119.98 | 0.00 | 2.00 | 120.98 |
| Personal Services | 5,755,733 | 759,504 | 72,000 | 6,587,237 | 752,843 | 144,000 | 6,652,576 |
| Operating Costs | 584,938 | 51,951 | 10,000 | 646,889 | 81,749 | 20,000 | 686,687 |
| Equipment | 23,444 | | | 23,444 | | | 23,444 |
| Transfers | 36,937 | | | 36,937 | | | 36,937 |
| Total Funds | 6,401,052 | 811,455 | 82,000 | 7,294,507 | 834,592 | 164,000 | 7,399,644 |
| State Funds | | | | | | | |
| General Fund | 4,481,715 | 325,788 | 65,600 | 4,873,103 | 348,933 | 131,200 | 4,961,848 |
| Subtotal State Funds | 4,481,715 | 325,788 | 65,600 | 4,873,103 | 348,933 | 131,200 | 4,961,848 |
| University Funds | | | | | | | |
| Federal Funds | 1,914,333 | 485,667 | | 2,400,000 | 485,667 | | 2,400,000 |
| Interest and Other | 5,034 | | | 5,034 | | | 5,034 |
| Private Funds | | | 16,400 | 16,400 | | 32,800 | 32,800 |
| Subtotal Univer. Funds | 1,919,367 | 485,667 | 16,400 | 2,421,434 | 485,667 | 32,800 | 2,437,834 |
| Total Current Unrestricted Operating Fund | 6,401,082 | 811,455 | 82,000 | 7,294,537 | 834,600 | 164,000 | 7,399,682 |
| Note: ES received of \$4,481,715 in state support, \$1,914,333 in federal, \$8,167 in interest & \$41 of other in FY 2004. Excess revenues over expenditures were \$275,791 in FY 2004. Table reflects ES estimate of federal revenue (Smith-Lever) for FY 2006 and FY 2007. | | | | | | | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$195,626 | \$195,626 |
| FY07 | \$207,785 | \$207,785 |

PL- 61 - Statewide Adjustments - Extension Services -

This \$403,411 general fund adjustment is the state share of statewide present law adjustments for the Extension Services (ES) for the 2007 biennium.

Commissioner of Higher Education-5102

Appropriation Distribution-09

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$86,446 | \$86,446 |
| FY07 | \$86,446 | \$86,446 |

PL- 82 - Payroll Benefits and Insurance Adjustment -

The ES funds all payroll benefits, including medical insurance, on salary paid to our agents. The counties reimburse MSU for a portion of salary. This adjustment is necessary because MBARS calculates only benefits on state salary.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | 43,716 | 43,716 |
| FY07 | 54,702 | 54,702 |

PL- 66 - Increased Overhead Costs for Campus Support -

This adjustment adds \$98,418 general fund in the 2007 biennium for the state portion of increased overhead costs allocated from Montana State University Bozeman to the ES.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$0 | \$0 |
| FY07 | \$65,600 | \$65,600 |

NP- 8 – Shared Leadership - Extension Cropping Specialist -

The Cropping Systems Specialist Position will integrate with existing Agricultural Experiment Station and College of Agriculture faculty, including cropping systems research/on-campus teaching, weed management, and many others. This \$65,600 proposal is matched with \$16,400 from funds identified by the Board of Regents.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$65,600 | \$65,600 |
| FY07 | \$65,600 | \$65,600 |

NP- 16 – Shared Leadership- Livestock Specialist -

A Livestock Specialist position would provide increased educational assistance to improve this industry by enhancing reproductive efficiency, food safety and animal identification of non-productive animals. The \$65,600 general fund for this position is matched with \$32,800 from funds identified by the Board of Regents.

Commissioner of Higher Education-5102 Appropriation Distribution-09

Bureau of Mines and Geology

Bureau of Mines and Geology
 Ed Deal x496-4180

| Agency Proposed Budget | Base Budget | PL Base Adj. | New Proposals | Total Exec. Budget | PL Base Adj. | New Proposals | Total Exec. Budget |
|-----------------------------------|------------------|---------------|----------------|--------------------|---------------|----------------|--------------------|
| Budget Item | Fiscal 2004 | Fiscal 2006 | Fiscal 2006 | Fiscal 2006 | Fiscal 2007 | Fiscal 2007 | Fiscal 2007 |
| FTE | 31.59 | 0.00 | 2.00 | 33.59 | 0.00 | 2.00 | 33.59 |
| Personal Services | 1,798,976 | 29,392 | 144,000 | 1,972,368 | 25,479 | 149,760 | 1,974,215 |
| Operating Costs | 478,080 | 10,000 | 36,720 | 524,800 | 10,000 | 36,720 | 524,800 |
| Equipment | | | | - | | | - |
| Debt Service | | | | - | | | - |
| Total Funds | 2,277,056 | 39,392 | 180,720 | 2,497,168 | 35,479 | 186,480 | 2,499,015 |
| State Funds | | | | | | | |
| General Fund | 1,581,899 | 39,392 | 144,000 | 1,765,291 | 35,479 | 149,760 | 1,767,138 |
| RIT Allocation | 666,000 | | | 666,000 | | | 666,000 |
| Subtotal State Funds | 2,247,899 | 39,392 | 144,000 | 2,431,291 | 35,479 | 149,760 | 2,433,138 |
| University Funds | | | | | | | |
| Sales & Service | 29,157 | | | 29,157 | | | 29,157 |
| Private Funds | | | 36,720 | 36,720 | | 36,720 | 36,720 |
| Subtotal Univ. Funds | 29,157 | - | 36,720 | 65,877 | - | 36,720 | 65,877 |
| Total Current Unrestricted | | | | | | | |
| Operating Fund | 2,277,056 | 39,392 | 180,720 | 2,497,168 | 35,479 | 186,480 | 2,499,015 |

Note: BOM received \$1,581,899 in state funds, \$666,000 of RIT allocation and \$35,649 in misc. funds in FY 2004.
Excess revenues over expenditures were \$6,492 in FY 2004.

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$29,392 | \$29,392 |
| FY07 | \$25,479 | \$25,479 |

PL- 46 - Statewide Adjustments - Bureau of Mines -

This \$54,871 general fund adjustment is the state share of statewide present law adjustments for the Bureau of Mines (BOM) for the 2007 biennium. This decision package does not fund any present law increases associated with positions in the RIT account because the account is capped at \$666,000 per year.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$10,000 |
| FY07 | \$10,000 | \$10,000 |

PL- 66 - Increased Overhead Costs for Campus Support -

This adjustment adds \$20,000 general fund in the 2007 biennium for the state portion of increased overhead costs allocated from UM Montana Tech to the BOM.

Commissioner of Higher Education-5102

Appropriation Distribution-09

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$72,000 | \$72,000 |
| FY07 | \$74,880 | \$74,880 |

NP- 68 – Shared Leadership - Technical Assistance to Small Oil and Gas Operators -

This proposal provides a state general fund investment of \$146,880 in the 2007 biennium, matched with \$36,720 from funds identified by the Board of Regents, to provide technical assistance to small oil and gas operators that will encourage exploration and development in Montana.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$72,000 | \$72,000 |
| FY07 | \$74,880 | \$74,880 |

NP- 69 – Shared Leadership - Coal and Coal Bed-Methane Technology Program -

This proposal requests a state investment of \$146,880 in the 2007 biennium, matched with \$36,720 from funds identified by the Board of Regents, for the purpose of continuing to assist industry and regulators in the responsible development of coal and coal-bed methane.

Forestry and Conservation Experiment Station

**Forestry and Conservation
Experiment Station**
Perry Brown x243-5522

| Agency Proposed Budget | Base Budget | PL Base Adj. | New Proposals | Total Exec. Budget | PL Base Adj. | New Proposals | Total Exec. Budget |
|--|----------------|-----------------|------------------|-----------------------|-----------------|------------------|-----------------------|
| Budget Item | Fiscal 2004 | Fiscal 2006 | Fiscal 2006 | Fiscal 2006 | Fiscal 2007 | Fiscal 2007 | Fiscal 2007 |
| FTE | 12.78 | 0.00 | 0.00 | 12.78 | 0.00 | 0.00 | 12.78 |
| Personal Services | 739,602 | 43,351 | | 782,953 | 40,823 | | 780,425 |
| Operating Costs | 89,687 | 2,134 | | 91,821 | 2,069 | | 91,756 |
| Transfers | 4,000 | | | 4,000 | | | 4,000 |
| Scholarships | 91,220 | | | 91,220 | | | 91,220 |
| Total Funds | 924,509 | 45,485 | - | 969,994 | 42,892 | - | 967,401 |
| State Funds | | | | | | | |
| General Fund | 924,509 | 45,485 | | 969,994 | 42,892 | | 967,401 |
| Subtotal State Funds | 924,509 | 45,485 | - | 969,994 | 42,892 | - | 967,401 |
| University Funds | | | | | | | |
| Interest and Other | - | | | | | | |
| Subtotal Univ. Funds | - | - | - | - | - | - | - |
| Total Current Unrestricted Operating Fund | 924,509 | 45,485 | - | 969,994 | 42,892 | - | 967,401 |

Note: FCES received \$925,839 in state funds and \$1,052 in interest earnings in FY 2004.

Excess revenues over expenditures were \$2,382 in FY 2004.

Commissioner of Higher Education-5102

Appropriation Distribution-09

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,485 | \$45,485 |
| FY07 | \$42,892 | \$42,892 |

PL- 63 - Statewide Adjustments -

This \$83,377 general fund adjustment is the state share of statewide present law adjustments for the Forestry and Conservation Experiment Station for the 2007 biennium.

Fire Services Training School

Fire Services Training School
Butch Weedon x771-4328

| Agency Proposed Budget | Base Budget | PL Base Adj. | New Proposals | Total Exec. Budget | PL Base Adj. | New Proposals | Total Exec. Budget |
|---|----------------|-----------------|------------------|-----------------------|-----------------|------------------|-----------------------|
| Budget Item | Fiscal 2004 | Fiscal 2006 | Fiscal 2006 | Fiscal 2007 | Fiscal 2007 | Fiscal 2007 | Fiscal 2007 |
| FTE | 8.48 | 0.00 | 1.00 | 9.48 | 0.00 | 1.00 | 9.48 |
| Personal Services | 405,606 | 45,389 | 60,500 | 511,495 | 43,311 | 60,500 | 509,417 |
| Operating Costs | 76,293 | 25,091 | 19,130 | 120,514 | 25,164 | 18,165 | 119,622 |
| Equipment | 45,758 | | 33,000 | 78,758 | | | 45,758 |
| Transfers | 1,198 | | | 1,198 | | | 1,198 |
| Total Funds | 528,855 | 70,480 | 112,630 | 711,965 | 68,475 | 78,665 | 675,995 |
| State Funds | | | | | | | |
| General Fund | 511,535 | 70,480 | 93,500 | 675,515 | 68,475 | 59,535 | 639,545 |
| Subtotal St. Funds | 511,535 | 70,480 | 93,500 | 675,515 | 68,475 | 59,535 | 639,545 |
| University Funds | | | | | | | |
| MSU Transfer | 16,588 | | | 16,588 | | | 16,588 |
| Interest and Other | 732 | | | 732 | | | 732 |
| Private Funds | | | 19,130 | 19,130 | | 19,130 | 19,130 |
| Subtotal Univ. Funds | 17,320 | - | 19,130 | 36,450 | - | 19,130 | 36,450 |
| Total Current Unrestricted | | | | | | | |
| Operating Fund | 528,855 | 70,480 | 112,630 | 711,965 | 68,475 | 78,665 | 675,995 |
| Note: FSTS received \$511,535 in state funds and \$732 in interest earnings and \$41,698 Transfer from MSU Bozeman in FY 2004 to facilitate their move. FY 2004 base excludes the \$49,000 OTO. | | | | | | | |
| Excess revenues over expenditures were \$25,109 in FY 2004. | | | | | | | |

Commissioner of Higher Education-5102

Appropriation Distribution-09

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$45,389 | \$45,389 |
| FY07 | \$43,311 | \$43,311 |

PL- 64 - Statewide Adjustments -

This \$88,700 general fund adjustment is the state share of statewide present law adjustments for the Fire Services Training School (FSTS) for the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$835 | \$835 |
| FY07 | \$180 | \$180 |

PL- 66 - Increased Overhead Costs for Campus Support -

This adjustment adds \$1,015 general fund in the 2007 biennium for the state portion of increased overhead costs allocated from MSU Bozeman to the FSTS.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$24,256 | \$24,256 |
| FY07 | \$24,984 | \$24,984 |

PL- 68 - New Space – Fire Services Training School -

This adjustment adds \$49,240 general fund in the 2007 biennium for increased cost for rent because of the move from the Great Falls COT campus.

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$93,500 | \$93,500 |
| FY07 | \$59,535 | \$59,535 |

NP- 66 – Shared Leadership - Add One Fire Trainer -

This proposal requests a state investment of \$153,035, to be matched with \$38,259 by funds identified by the Board of Regents, for the purpose of training fire fighters and meeting the growing demand for skilled responders to a variety of emergency incidents. FY 2006 also includes the purchase of a vehicle.

Commissioner of Higher Education-5102

Tribal College Assistance Program-11

**11 Tribal College
Assistance
Rod Sundsted x0319**

Program Description - The program provides assistance to tribal colleges in Montana.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Grants | 0 | 96,500 | 0 | 96,500 | 0 | 0 | 0 |
| Total Costs | \$0 | \$96,500 | \$0 | \$96,500 | \$0 | \$0 | \$0 |
| General Fund | 0 | 96,500 | 0 | 96,500 | 0 | 0 | 0 |
| Total Funds | \$0 | \$96,500 | \$0 | \$96,500 | \$0 | \$0 | \$0 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$96,500 | \$96,500 |
| FY07 | \$0 | \$0 |

PL- 28 – Reestablish Non-beneficiary Student Base Appropriation -

This request reestablishes the 2005 biennium base appropriation for non-beneficiary student state support at tribal colleges. The \$96,500 general fund biennial appropriation was expended in FY 2005 and therefore not included in the 2007 biennium expenditure base.

Commissioner of Higher Ed-5102 Guaranteed Student Loan Program-12

**12 Guaranteed Student Loan
Program**
 Bruce Marks x0351

Program Description - The Montana Guaranteed Student Loan Program operates under federal regulation to guarantee federal student loans. GSL purchases and services student loans that have been defaulted, works to prevent default, collects outstanding principle from defaulted loans and provides training and technical assistance to schools and lenders under Title 20, Chapter 26, MCA.

| Program Proposed Budget | | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 | |
| FTE | 49.20 | 0.00 | 9.00 | 58.20 | 0.00 | 9.00 | 58.20 | |
| Personal Services | 1,931,167 | (78,012) | 354,350 | 2,207,505 | (77,021) | 353,518 | 2,207,664 | |
| Operating Expenses | 3,113,126 | 51,642 | 500,000 | 3,664,768 | 61,934 | 500,000 | 3,675,060 | |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Benefits & Claims | 19,921,785 | 8,936,000 | 0 | 28,857,785 | 11,170,000 | 0 | 31,091,785 | |
| Transfers | 72,550 | 0 | 0 | 72,550 | 0 | 0 | 72,550 | |
| Total Costs | \$25,038,628 | \$8,909,630 | \$854,350 | \$34,802,608 | \$11,154,913 | \$853,518 | \$37,047,059 | |
| Federal Special | 25,038,628 | 8,909,630 | 854,350 | 34,802,608 | 11,154,913 | 853,518 | 37,047,059 | |
| Total Funds | \$25,038,628 | \$8,909,630 | \$854,350 | \$34,802,608 | \$11,154,913 | \$853,518 | \$37,047,059 | |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$8,000,000 | \$0 |
| FY07 | \$10,000,000 | \$0 |

PL- 9 - Increased Claim Payments -

This \$18 million increase in federal funds is needed as the result of two factors:

1) During fiscal year 2004, Montana State University - Bozeman (MSU Bozeman) returned to the Federal Family Education Loan Program (FFELP), increasing the Montana Guaranteed Student Loan Program (MGSLP) loan guarantee volume by more than \$35 million annually. With the addition of MSU's loan volume, MGSLP anticipates an increase in gross claim payments beginning in FY2006.

2) In addition, during the past 2 fiscal years, MGSLP has experienced record low claim filings by lenders. MGSLP anticipates that this trend of low claims will not continue, as during the same time period MGSLP continued to have a cohort default rate that is higher than the national average. MGSLP must have appropriate authority to pay timely claims to lenders when they are filed (MGSLP is later reimbursed for these claim payments by the Department of Education.).

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$936,000 | \$0 |
| FY07 | \$1,170,000 | \$0 |

PL- 10 - Collection Recoveries -

With the addition of increased claim payments, MGSLP also anticipates increased collections on the associated defaulted loans. This proposal increases federal authority to pay the Department of Education its required share of the default collection recoveries.

Commissioner of Higher Ed-5102

Guaranteed Student Loan Program-12

-----New Proposals-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$500,000 | \$0 |
| FY07 | \$500,000 | \$0 |

NP- 11 - Default Reduction and Outreach -

This \$1 million increase in federal authority will fund default reduction and outreach activities. The U.S. Department of Education encourages and supports guaranty agency efforts in these areas and has established designated funds to be used for these expenditures. The agency has developed several successful programs in support of GEAR UP and other federal programs to assist low-income or at-risk students. During the coming year, the agency plans to expand these efforts to increase access to higher education.

MGSLP also intends to expend approximately \$250,000 per year for scholarships targeted to low income students.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$354,350 | \$0 |
| FY07 | \$353,518 | \$0 |

NP- 12 - Add 9.00 FTE for Outreach Services -

The Montana Guaranteed Student Loan Program (MGSLP) proposes the addition of 9.00 FTE and \$767,868 federal funds to provide additional outreach services to students and schools, produce quality materials in support of their program initiatives, and to effectively support the agency's increased loan volume. MGSLP proposes 2.00 FTE Information Technology Specialists, 2.00 FTE Default Prevention Counselors, 2 Outreach Counselors, 1.00 FTE Events Coordinator, 1.00 FTE Communication Specialist, and 1.00 FTE Collection Technician.

Commissioner of Higher Education-5102

Board Of Regents-13

13 Board of Regents
John Mercer x883-5367

Program Description - - The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2004 | PL Base Adjustment Fiscal 2006 | New Proposals Fiscal 2006 | Total Exec. Budget Fiscal 2006 | PL Base Adjustment Fiscal 2007 | New Proposals Fiscal 2007 | Total Exec. Budget Fiscal 2007 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Personal Services | 7,200 | 0 | 0 | 7,200 | 0 | 0 | 7,200 |
| Operating Expenses | 27,285 | 10,000 | 0 | 37,285 | 10,000 | 0 | 37,285 |
| Total Costs | \$34,485 | \$10,000 | \$0 | \$44,485 | \$10,000 | \$0 | \$44,485 |
| General Fund | 34,485 | 10,000 | 0 | 44,485 | 10,000 | 0 | 44,485 |
| Total Funds | \$34,485 | \$10,000 | \$0 | \$44,485 | \$10,000 | \$0 | \$44,485 |

-----Present Law Adjustments-----

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$10,000 | \$10,000 |
| FY07 | \$10,000 | \$10,000 |

PL- 14 - Restore Regents Budget to FY 2004 authorized levels -

The Board of Regents did not spend their FY 2004 appropriation. Since the Board has now changed their meeting structure, and are meeting more days each meeting, the full FY 2004 budget authorization will be needed for the 2007 biennium.

| | <u>Total Agency Impact</u> | <u>General Fund Total</u> |
|------|----------------------------|---------------------------|
| FY06 | \$7,200 | \$7,200 |
| FY07 | \$7,200 | \$7,200 |

PL- 15 - Restore Base - Per Diem -

Board per diem is zero based; actual 2004 expenditures are removed from the base budget. This adjustment restores authority for FY 2006 and FY 2007 to the level of actual expenditures for FY 2004.

Alternative accessible formats of this document will be provided upon request. For further information call the Office of Budget and Program Planning.

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